Continuity and Change
Consideration of the "Value" of Two Redevelopment Alternatives
for Block 93 in Kansas City, Missouri

by

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I. INTRODUCTION

The deterioration of the historic urban core in many of this country's large cities should be a matter of concern to not only architects, developers, and city planners but also to those people who enjoy the complexity and diversity of opportunity afforded in an urban environment. "It is not at all accidental that such words and concepts as 'civil,' 'civilized,' 'citizen,' and 'urbane' and 'urbanity' cluster around the word and concept of the city. Urban experience with the city as a special instrument of social organization is the basis for all such concepts."[1]

The decentralization of the city's population and the corresponding shift of retail enterprises to regional shopping malls in suburban areas has jeopardized the viability of many historic commercial districts in the urban core. Landmark buildings, which comprise these districts, have been the target of speculative development. Growth within an urban environment has been commonly viewed as the replacement of older buildings, which have presumably reached the end of their useful life, with new large buildings. Accordingly, funds are allocated for the construction of new projects in preference to the repair of older buildings.

The developer's profit motive is reinforced by real estate market pressures, especially apparent in large urban areas, which have justified landmark demolition and subsequent new construction in its place. In the span of twenty-five years, land values have increased so rapidly that it has

become profitable to demolish even a fairly new building in order to use the land more intensively -to exploit to its highest and best use the new land value created in a short span of time.[2] Modern building technologies, which account for both the size and efficiency of new construction, are responsible for the functional and economic obsolescence of many historic landmarks.

From an aesthetic standpoint, James Marston Fitch states that although all old buildings have a structural and artistic integrity, the vast majority in American cities will not, when individually considered, have any great historic or artistic significance. Coupled with economic pressures, this factor has contributed to the indiscriminate alteration and/or demolition of numerous commercial buildings.

In the past several years, however, there has been an increasing tendency to view old buildings in the urban core as potential resources rather than as obstacles to growth. Several financial tools are presently available to provide incentive for the rehabilitation and continued use of these historic buildings. By addressing the issue of economics as it relates to historic preservation, a step can be made toward the integration of preservation with new construction as a viable building alternative. Communicating with the developer through economics, or monetary value, will eventually lead to consideration of aesthetics, or non-monetary value factors. In the case of urban landmarks, the environmental context, or grouping of buildings, will be frequently a criterion through which the aesthetic value can be determined for an individual building's significance.

For the purpose of this study, aesthetic value will be determined

on the basis of either an individual building's or district's architectural and/or historical significance. In addition, aesthetic value will account for any alteration to the original fabric of a building which compromises the integrity of the structure.

The intent of this study is to develop a concept of value for urban landmarks that will be recognized and accepted by developers, planners, and civic leaders as well as by architectural preservationists. An over-all value, based upon a synthesis of economic and aesthetic factors, will be advanced as a preservation 'package.' This new landmark value can be presented to a prospective developer for review as a redevelopment alternative to new construction.

By providing means to help insure the preservation of a city's historic fabric, a process of gradual change can replace the rapid transformations created by speculative development. Christopher Alexander, in his study, The Oregon Experiment, states: "For environments, ...an organic process of growth and repair must create a gradual sequence of changes, and these changes must be distributed evenly across every level of scale. There must be as much attention to the repair of details ...as to the creation of brand-new buildings. Only then can an environment stay balanced both as a whole and in its parts, at every moment of its history."[3] It is the intent of preservation efforts to maintain the urban environment while, at the same time, allowing it to adapt to changing demands. The present study will consider two redevelopment alternatives, rehabilitation integrated with new construction versus completely new construction, for Block 93 in Kansas City, Missouri. A 'value' will be determined for both schemes based upon economic and aesthetic findings.

During the 1920's, Block 93 in downtown Kansas City, was referred to as the "Diamond."[4] The area, at that time, was the heart of Kansas City's retail district. Such major retail firms as Emery Bird Thayer, Harzfeld's, Woolf Brothers, Peck's, the Jones Store Company, John Taylor's (now Macy's), and many others were located either on Block 93 or adjacent to it. The block, itself, is bounded by 11th and 12th Streets to the north and south respectively, and Walnut and Main to the east and west. (Figure 1.1)

Few of the many retail stores that operated in the 1920's exist today and the term "Diamond Block" is unfamiliar to all but a few long-time Kansas City residents. The most recent demolition victim has been the Emery Bird Thayer Store which was located at the northeast corner of Walnut and 11th Streets. (Figure 1.2)

At the present time, four historically significant commercial buildings survive to comprise an historic streetscape which has been referred to as "Petticoat Lane" since the 1890's. The nickname arose as a result of the number of women's clothing stores in close proximity. The streetscape is actually 11th Street bounded to the east by Walnut Street and to the west by Main. The four primary contributors to "Petticoat Lane" are Harzfeld's and Krigel's to the south (Figure 1.3, 1.4) faced by the Lillis and Waldheim buildings to the north. (Figures 1.5, 1.6) Originally, Emery Bird Thayer would have contributed to the historic character, extending the streetscape east on 11th Street across Walnut.

Perpendicular to "Petticoat Lane" and facing east on Main Street are Macy's and Peck's, two other commercial buildings which would be considered secondary components of the "Petticoat Lane" streetscape. The

building for the Boley Clothing Company located at the southeast corner of Block 93, 12th and Walnut, is an architectural 'jewel' that warrants inclusion in any study of the "Petticoat Lane" historic district.(Figure 1.7)

A preliminary determination of National Register eligibility for the district has been granted by the Missouri State Historic Preservation Office. "Petticoat Lane" represents a time in Kansas City's commercial history of burgeoning retail growth that created the downtown.[5] In the estimation of the Kansas City Landmarks Commission, if one more building is demolished, in all probability, the fabric for a downtown retail historic district will be lessened to the extent that it will be impossible to justify such a district.

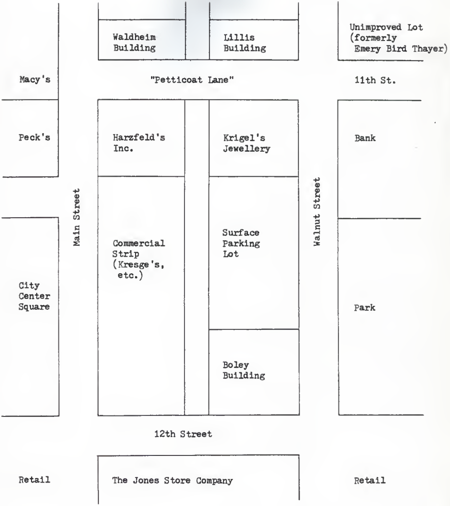

Figure 1.1. Map of Block 93 and Vicinity

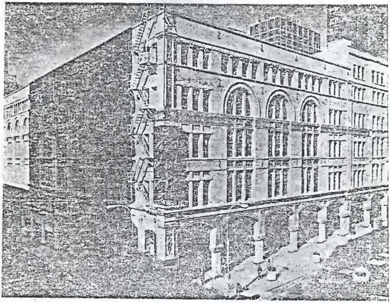

Figure 1.2. Emery Bird Thayer

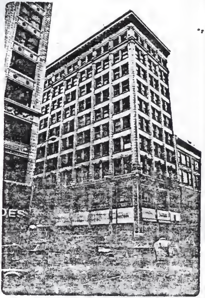

Figure 1.3. Harzfeld's, Inc.

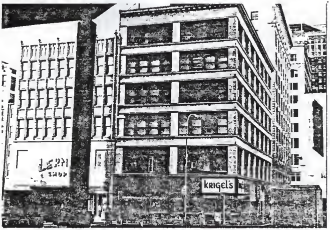

Figure 1.4. Krigel's Jewellery

Figure 1.5. Lillis Building

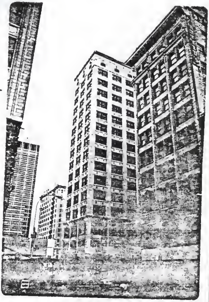

Figure 1.6. Waldheim Building

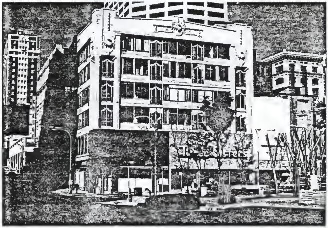

Figure 1.7. Boley Building

II. TWO REDEVELOPMENT ALTERNATIVES

AT+T Communications has chosen Block 93 in the Central Business District of Kansas City as the prospective site for a new regional headquarters. Tentative plans have been announced by the corporation for a 1.2 million square foot retail/office complex. AT+T, a quasi-governmental agency, has been granted the legal power of Eminent Domain by the City Council. This right allows the corporation to condemn any or all properties on Block 93, a move which could considerably alter the historic character of the urban fabric.

The communications giant intends to clear the majority of existing buildings from the block. Until site clearance is initiated, the future of three significant commercial buildings will be uncertain. Situated on Block 93 and contributing to the "Petticoat Lane" streetscape, the Harzfeld and Krigel buildings are threatened with the possibility of demolition. At the southeast corner of the block the Boley building, a National Register landmark, could be substantially demolished with the exception of the curtain walls which would be preserved and relocated elsewhere.

This study will employ two hypothetical development schemes adapted from the tentative plans of AT+T for a retail/office complex on Block 93. For the sake of clarity, the two development alternatives will be referred to as Scheme A and Scheme B.

Both hypothetical development schemes differ from AT+T's tenta-

tive development plans in several ways. First, neither Scheme A nor Scheme B will include the new office tower which is to be constructed at the center of the block. The reasons for this omission are that inclusion of this office space does not influence the preservation economics and consideration of this space in determining a maximum project budget for both schemes would only "cloud" the more important comparisons that are being sought.

Second, AT+T tentatively plans to rehabilitate and continue to use the Boley and Harzfeld buildings. However, in order to elucidate the economic incentives for the preservation of historic landmarks, Scheme B assumes that both Harzfeld's and the Boley building will be demolished to make room for new development. This site clearing is in addition to the demolition of the Krigel building which, in actuality, is included in AT+T's tentative plans as well as in Scheme B. Therefore, Scheme B consists of an entirely new redevelopment of Block 93. One preservation concession for Scheme B will be incorporated into the study: in order to maintain a continuity of the surviving streetscape, it will be expected that three replacement structures be included in this development scheme to compensate for the loss of those significant landmarks that have been demolished.[6] The replacement buildings should equal the former landmarks in terms of configuration, bulk, fenestration, etc. This concession will allow for the total square footage of Scheme B and Scheme A to be approximately equal. Scheme A, the pressrvation alternative, includes the rehabilitation of the three commercial landmarks on Block 93 (Boley, Harzfeld, and Krigel) and a proposed linkage of all three to the new AT+T complex.

In order to understand Scheme A and Scheme B in thsir entirety,

site plans (Figures 2.1, 2.2) and axonometric views of the complex (Figures 2.3, 2.4) illustrate the differences between the schemes in eatisfying programmatic requirements.

The deeigne for both schemes will satisfy as closely as poseible the three programmatic requirements of the actual AT+T development proposal. In addition to both retail and office programs, the AT+T complex requires the design of a 35,000 square foot unobstructed floor space for teleconferencing purposes. This conference room will be designed to envelop a space approximately three stories in height.

Scheme B has been adjusted in order to accommodate the large floor plate. This spatial requirement demands use of almost half the volume of the new building that will replace Krigel's. In order tc accommodate the floor plate in Scheme A, the preservation alternative, it would be necessary to gut the first three floors of the Krigel building. Such a redevelopment would incur higher coste to the scheme totally unjustifiable from a developer'e standpoint. Therefore, the area of the floor plate has been compromised in Scheme A because it will not incorporate any space within Krigel'e. Scheme A assumes that an additional teleconferencing area will be created in the new office tower to compensate for the smaller one on the ground floor.

The insertion of the actual AT+T teleconferencing floor plate in Scheme B has necessitated a rearrangement of retail/office space in this scheme. In order to keep total retail/office square footage of the Scheme B replacement buildings approximately equal to that of Scheme A, retail space in the Harzfeld and Boley replacement buildings will have to occupy three stories in each building. Total square footage of this new retail space is approximately 40,300 sq. ft.

Retail requirements for Scheme A have been achieved through the incorporation of retail space on the first two floors of each of the three existing commercial landmarks. Total square footage for this existing retail space is approximately 37,900 sq. ft. Therefore, six levels of retail are employed in both Scheme A and Scheme B with only a slight variation in total square footage, 2400 sq. ft.

To complete this aspect of the study, a new retail mall of 151,700 sq. ft. will be developed in both schemes. This development corresponds exactly to that proposed by AT+T in their tentative plans. Located on the west half of Block 93, the mall will extend from 12th Street, along Main, to Harzfeld's in Scheme A, and to the Harzfeld replacement structure in Scheme B. In both instances, the two development components will be linked to form a continuous shopping area. The Krigel and Boley retail areas in Scheme A, and the retail area within the Boley replacement structure of Scheme B, will be linked to the major retail area through the placement of a corridor through the center of the complex running north to south.

As shown in the Block 93 map (Figure 1.1), it is a function of the retail complex to serve as a link between established large retailers in the central business district; in particular, linkages are made to the Jonss Store Company immediately south of Block 93 and to Macy's at the west end of "Petticoat Lane" on Main Street. This arrangement is analogous to that of regional shopping centers which employ major retailers as "anchors" in their development schemes.

In regard to office space, excluding the actual AT+T tower, square footage allotments for both Scheme A and Schsme B are equal. Each development contains 100,590 sq. ft. of office area. For the preservation

alternative, Scheme A, the existing Boley and Krigel buildings each have an elevation of six stories while the Harzfeld building has eleven. Office functions will be accomodated in the upper stories of these buildings, the remaining floors above the two stories of retail space in each building. This relationship of retail to office space closely approximates that of tall office buildings at the turn of the century. Between the three buildings, 17 floors will create the 100,590 sq. ft. of leasable office space.

The office requirements of Scheme B have been satisfied in a manner similar to that of Scheme A. However, one important difference has been necessitated due to Scheme B's provision for the 35,000 sq. ft. unobstructed floor plate on the east side of Block 93. The addition of one story to each of the three new replacement structures is needed to equal the 17 stories of office space in Scheme A. The three additional stories compensate for those three floors at the base of the Krigel replacement structure which function as part of the teleconferencing center. Thus, total square footage of Scheme B office space is 100,590 sq. ft.

Annual rental rates for retail and office space have been determined through consultations with a variety of Kansas City sources. For both rehabilitated and newly constructed retail space, rental per square foot should be equal. This assumption is based on the fact that all retail space, in both Scheme A and Scheme B, is "fused" together by the north-south corridor running the length of the complex. Based upon market research studies conducted by the Crosstown Development Corporation, $20/sq.ft./year is the anticipated rental for retail space in Spring, 1984.

Net leasable retail area for Scheme A will consist of the 144,115 sq. ft. proposed for the new retail mall and the 37,900 sq. ft. of space within

the three existing commercial buildings. Therefore, the total square footage of retail space, 182,015 sq. ft., taken at $20/sq. ft., will yield a gross annual income of $3,640,300. For Scheme B, retail area consists of the new retail mall, 144,115 sq. ft., and space created within the Boley and Harzfeld replacement buildings, 40,300 sq. ft. The total retail area, 184,415 sq. ft., taken at $20/sq. ft., yields a gross income of $3,688,300 for Scheme B.

Office rentals for the two hypothetical schemes have been determined with the assistance of the Kansas City Redevelopment Authority. For this project, located at the heart of the C.B.D., rehabilitated space will not generate rentals as high as those for newly constructed office space. The Redevelopment Authority estimates that rehabilitated space can be expected to generate rentals of $14-16/sq. ft., while newly constructed office space would generate $18-20/sq. ft. Having determined that net leasable office space in both schemes is equal, 100,590 sq. ft., gross incomes can be estimated. For Scheme A, which incorporates rehabilitated office space at $16/sq. ft., total office rentals would amount to $1,609,440. To the advantage of Scheme B, office rental at $18/sq. ft., would yield a gross rent of $1,810,620.

Based upon these figures presented for retail and office space in Scheme A and Scheme B, total gross incomes can be determined for purposes of comparison. Total net leasable space for Scheme A will generate a gross rent of $5,249,936. Scheme B, which incorporates newly constructed space, yields a higher figure of $5,299,036.

Both of these gross incomes can be entered into an economic feasibility model in order to generate maximum project budgets for the two schemes. In conducting an economic comparison for this study, the

intention is to highlight the benefits of current federal tax programs which attempt to provide incentives for rehabilitation and continued use of depreciable historic buildings. (The economic feasibility of Scheme A versus Scheme B will be analyzed in the next chapter.)

Finally, the costs associated with the development of either scheme vary due to the differing cash outlays required to rehabilitate a space, and those associated with new construction

Scheme A requires the rehabilitation of the Boley, Harzfeld, and Krigel buildings on Block 93. Construction methods and materials are the two principal variables in determining rehabilitation costs/square foot. For this specific project, Scheme A, significant additional costs are associated with rehabilitation of those facades which do not face the street and are visible above the new three story retail complex. For example, Crosstown Development Corporation estimates that $250,000 will be needed to rehabilitate the south and east facades of Harzfeld's. (Figure 2.5)

Rehabilitation costs for the Harzfeld and Boley buildings have been determined by Crosstown in conjunction with their Galleria Town Center project. The Galleria was proposed for construction in 1982 when Crosstown possessed the development rights to Block 93. The development firm ascertained that both buildings were in good condition. Therefore, the rehabilitation costs, adjusted for inflation, were kept to a reasonable sum: $43.40/square foot for Harzfeld's and $42.50/square foot for the Boley Building. In the case of all three commercial buildings, including Krigel's rehabilitation, cost estimates pertain to both retail and office space. The Boley building, containing a total of 59,625 sq. ft., will be rehabilitated at a cost of $2,534,063. Harzfeld's contains 57,178 sq. ft. of gross area, which incurs

a total rehabilitation cost of $2,481,525.

The Krigel building rehabilitation estimate has been separated from the above estimates for two reasons. First, the rehabilitation cost estimate is based on figures from the J.E. Dunn Construction Company, a consultant to AT+T for the actual redevelopment of Block 93. Second, the cost estimate is well over double the figures listed for rehabilitating Harzfeld's and the Boley building. Dunn Construction has determined that Krigel's can be rehabilitated at a cost of $98.50/square foot. The major reason for this higher amount is that Krigel's presently does not conform to the city's building codes. Specifically, the structure's floor joists are wood in contrast to required fire-resistant steel or concrete framing members. Rehabilitation would entail the replacement of these wooden joists with more fire-retardant substitutes, a major expense in terms of both labor and materials. Rehabilitation expenditures for the 37,200 sq. ft. Krigel building would amount to a figure of $3,664,200.

Both Scheme A and Scheme B will absorb the cost of the proposed 151,700 sq. ft. retail mall. Development costs for new retail construction have also been determined from estimates supplied by J.E. Dunn Construction. They anticipate that the new mall can be created at a cost of $89.27/sq. ft., or $13,542,260 total.

In conjunction with this cost estimate, figures can be generated for the retail space constructed within each of two replacement structures in Scheme B. As stated in the earlier building descriptions, total retail space within the replacement structures is 45,400 sq. ft. Using Dunn's cost estimate of $89.27/sq. ft., new retail space in the lower three stories of both the Harzfeld and Boley replacement buildings

will cost $4,053,483.

The remaining floors of these two buildings as well as the upper four floors of the Krigel replacement building will generate 100,590 sq.ft. of new office space. Though this area is equivalent to that of Scheme A, cost will be higher for the new construction. The Kansas City Redevelopment Authority estimates that generic office space in the C.B.D. would be developed at $80/square foot. (Generic implies that a superior quality finish is not incorporated for this space; although, it is possible that AT+T would pay $110-120/sq. ft. for a high quality space.) Assuming the Redevelopment Authority's figure of $80/sq. ft., office space in the three replacement buildings will total $8,047,200.

Total project costs can be tabulated for both Scheme A and Scheme B using the individual cost figures. Scheme A includes the rehabilitation costs associated with the preservation of the three surviving commercial buildings. Total project cost equals $32,236,440. For the new construction project, Scheme B, total costs will reach $37,054,888. Scheme B project costs exceed those of Scheme A by $4,818,439. When economic feasibility analyses are conducted in the following chapter, the impact of a 25% investment tax credit for Scheme A will be highlighted. The effect of this tax incentive will be to reduce rehabilitation costs and thus, increase the cost difference between Scheme A and Scheme B.

Table 2.1. Summary of Project Considerations

	Scheme A	Scheme B
Leasable Retail Area (excluding mall)	37,909 sq. ft.	40,364 sq. ft.
Leasable Retail Mall Area	144,115 sq. ft.	144,115 sq. ft.
Leasable Office Area	100,591 sq. ft.	100,591 sq. ft.
Total Leasable Area	282,615 sq. ft.	285,070 sq. ft.
Retail Rent[+]	$20/sq. ft.	$20/sq. ft.
Office Rent[++]	$16/sq. ft.	$18/sq. ft.
Total Gross Income	$5,241,936	$5,299,036
Rehabilitation Costs[*]	$8,679,788	- -
New Construction Costs.		
Retail[**]	$89.27/sq. ft.	$89.27/sq. ft.
Office[***]	- -	$80/sq. ft.
Total Construction Costs	$22,222,047	$26,502,302

[+] estimated in conjunction with Crosstown Development Corp.

[++] estimated in conjunction with K.C. Redevelopment Authority

[*] estimated in conjunction with Crosstown Development Corp. and J.E. Dunn Construction Co.

[**] estimated in conjunction with David Bower (Office of Housing and Community Development, K.C., MO.)

[***] estimated in conjunction with K.C. Redevelopment Authority

Figure 2.1. Scheme A Site Plan (key on page 26)

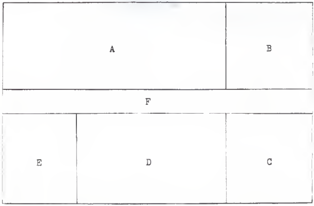

Figure 2.2. Scheme B Site Plan (key on page 26)

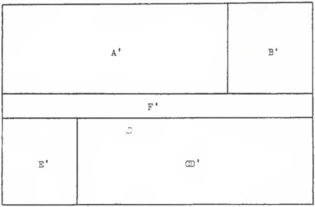

Figure 2.3. Scheme A
Axonometric Drawing
(key on page 26)

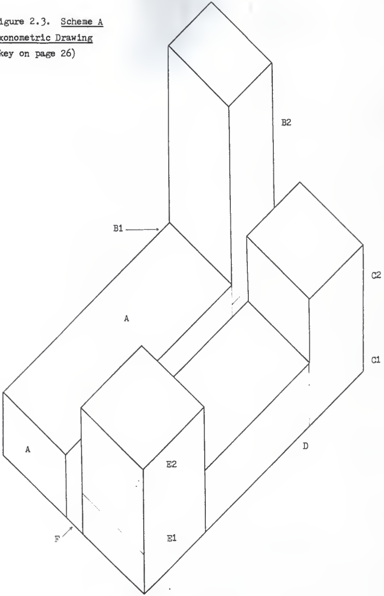

Figure 2.4. Scheme B
Axonometric Drawing
(key on page 26)

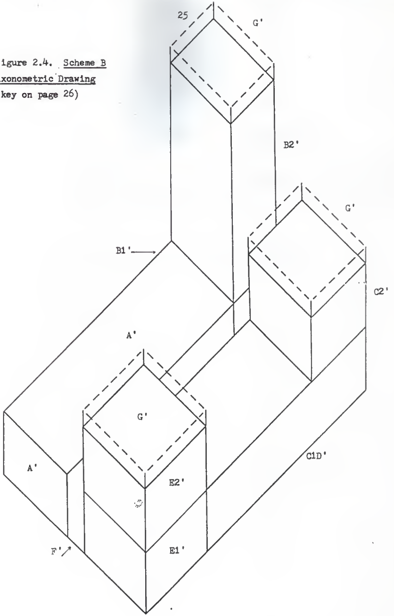

Table 2.2. Key to Site Plans

Scheme A	Scheme B
A. New Retail Mall	A'. New Retail Mall
B. Harzfeld's, Inc.	B'. Harzfeld's Replacement
C. Krigel's Jewellery	CD'. AT+T Teleconferencing (including Krigel's replacement)
D. AT+T Teleconferencing	
E. Boley Building	E'. Boley Replacement
F. Passageway	F'. Passageway

Table 2.3. Key to Axonometric Drawings

Scheme A	Stories		Scheme B
A. New Retail Mall	3	3	A'. New Retail Mall
B1. Harzfeld's Retail	2	3	B1'. Harzfeld's Replacement Retail
B2. Harzfeld's Office	9	8	B2'. Harzfeld's Replacement Office
C2. Krigel's Office	4	3	C2'. Krigel's Replacement Office
C1. Krigel's Retail	2	3	C1D'. AT+T Teleconferencing (including Krigel's replacement)
D. AT+T Teleconferencing	3	-	
E1. Boley Retail	2	3	E1'. Boley Replacement Retail
E2. Boley Office	4	3	E2'. Boley Replacement Office
F. Passageway	3	3	F'. Passageway
	-	3	G'. Replacement Office (1 story/building)
	32	32	

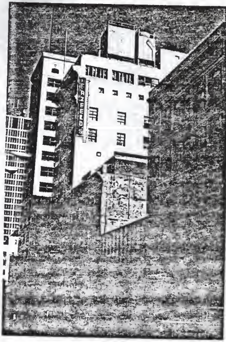

Figure 2.5. Harzfeld's, Inc. (south facade)

III. MONETARY VALUE

Introduction

Until the latter half of the 1970's, the economics of real estate development were heavily in favor of new construction. It was economically unfeasible for older buildings to compete on an equal basis with brand new buildings.

However, a reversal in this development trend has been stimulated through such occurrences as skyrocketing costs of energy-intensive new construction and renewed interest in the conservation of one's neighborhood. Federal legislation has acknowledged this new direction with Congressional passage of both the Tax Reform Act of 1976 and the Economic Recovery Tax Act of 1981 (E.R.T.A.).

The latter tax program includes a highly significant incentive to encourage the reuse of historic buildings as a viable alternative to new construction. An Investment Tax Credit (I.T.C.) of 25% is allowed to offset rehabilitation costs for work undertaken on an income-producing and certified historic building or district. Following Congressional passage of an amendment to the 1981 tax act, investors claiming the 25% I.T.C. must, for depreciation purposes, reduce the basis in their building by one-half the value of the I.T.C. (the basis in the building is its acquisition cost plus any capital improvements minus any depreciation deductions taken.) Otherwise unchanged, the 1981 tax act (E.R.T.A.) allows an investor to deduct the entire 25% I.T.C. from taxes owed in

that year.

As amended by the Tax Treatment Extension Act of 1980, the Tax Reform Act of 1976 contains a preservation incentive that allows a building's owner to donate a partial interest in an historic property to a charitable organization and receive an income tax deduction equal to the value of the donation. In donating the partial interest, a facade easement, the owner normally surrenders the right to make unrestricted alterations to the external appearance of the building.[7] For this study, valuation of the facade easement for tax deduction purposes has been estimated based upon building acquisition and rehab. costs. The principal street facades of the Boley Building, Harzfeld's Inc., and Krigel's Jewellery were valued for a facade easement.

The facade easement and investment tax credit apply only to Scheme A, the preservation alternative. In order to emphasize the impact of the tax incentives on Scheme A, Table 3.4. shows tax deduction in year 1 of the I.T.C. and tax deduction in year 2 of the facade easement, following Scheme A's placement in service. If so inclined, an investor could spread the I.T.C. over five years. The facade easement, on the other hand, is a one-time deduction. Its placement in year 2 of Table 3.4. distinguishes the economic value of the easement from that of the I.T.C. which was deducted in year 1. In the remainder of the economic feasibility tables that follow, all other financial criteria are applicable to both Scheme A and Scheme B. Project costs and incomes have been estimated in order to project a five-year cash flow.[8] Conventional mortgage financing at 12.5% over 30 years is standard for both Scheme A and Scheme B as straight-line depreciation over a 15 year recovery period.

For the sake of clarity the new retail mall, a component of both

Schemes, has veen separately considered. However, a five-year cash flow has been estimated from project costs and income in exactly the same way as in Schemes A and B. The return on investment (R.O.I.) from the retail mall will apply to both Scheme A and Scheme B.

Table 3.1. Scheme A Project Costs

I. Acquisition Costs

	Land	Building	Total Cost
Boley	$327,250	$62,000	$389,250
Harzfeld's	$245,800	$590,900	$836,700
Krigel's	$225,420	$325,926	$551,346
			$1,777,296

II. Construction Costs

	Gross sq. ft.	Rehab./sq. ft.	Total Cost
Boley	59,625 sq. ft.	$42.50/sq. ft.	$2,534,063
Harzfeld's	57,178 sq. ft.	$43.40/sq. ft.	$2,481,525
Krigel's	37,200 sq. ft.	$98.50/sq. ft.	$3,664,200
			$8,679,788

III. Indirect Costs

Financing Fee (1% origination fee on permanent loan)	$81,832
Legal Fee (1.5% of direct costs)	$130,197
Partners Fee (3% of direct costs)	$260,394
Architectural/Engineering Fee (7% of direct costs)	$607,585
Leasing Fee (7% of gross effective income)	$157,448
Construction Loan Interest (14% of direct costs over 18 months)	$1,227,927
	$2,465,383

IV. Total Cost

Acquisition	$1,777,296
Construction	$8,679,788
Indirect	$2,465,383
Total Cost	$12,922,467

Table 3.2. Scheme A Project Income

I. Annual Gross Income from Net Leasable Area

Retail sq. ft.	Boley	17,000 sq. ft.
	Harzfeld's	9,909 sq. ft.
	Krigel's	11,000 sq. ft.
		37,909 sq. ft.
Rent/sq. ft.		$20/sq. ft.
Annual Retail Income		$758,180
Office sq. ft.	Boley	34,000 sq. ft.
	Harzfeld's	44,591 sq. ft.
	Krigel's	22,000 sq. ft.
		100,591 sq. ft.
Rent/sq. ft.		$16/sq. ft.
Annual Office Income		$1,609,456

II. Total Annual Gross Income

Annual Retail Income	$758,180
Annual Office Income	$1,609,456
Total Gross Income	$2,367,636

III. Net Operating Income (N.O.I.) before Debt Service

Total Annual Gross Income (Retail and Office)	$2,367,636
Vacancies (5%)	- $118,382
Annual Gross Effective Income	$2,249,254
Property Taxes/Insurance (6% of gross effective income)*	- $142,058
Management Fee (4% of gross effective income)*	- $94,705
Maintenance Fee (4% of gross effective income)*	- $94,705
Operating Expenses (20% of total gross income)	- $473,527
Leasing Fee (6% of gross effective income)*	- $134,955
Annual N.O.I. before Debt Service	$1,309,304

*percentages estimated in conjunction with Historic Kansas City Foundation.

Table 3.3. Scheme A Financing and Depreciation

I. Financing

Total Project Cost		$12,922,467
Loan to Value Ratio	x	.75
Mortgage Loan		$9,691,850
Debt Service Constant*	x	.1288
Debt Service		$1,248,310
Net Operating Income		$1,309,304
Debt Service	-	$1,248,310
Cash Flow/ Annum		$60,994
Total Project Cost		$12,922,467
Mortgage Loan	-	$9,691,850
Equity Required		$3,230,617

II. Depreciation

Building Acquisitions (excluding land)		$978,826
Rehabilitation Direct Costs	+	$8,679,788
Financing Fee	+	$81,832
Architectural/Engineering Fee	+	$607,585
Construction Loan Interest	+	$1,227,927
		$11,575,958
½ Investment Tax Credit	-	$986,783
		$10,589,175
Recovery Period (15 years)	÷	15
Depreciation / Annum		$705,945

*amortization of mortgage loan at 12.5% over 30 years

Table 3.4. Scheme A Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income.	$1,309,304	$1,309,304	$1,309,304	$1,309,304	$1,309,304
Interest on Debt Service 12.5%.	-$1,211,481	-$1,207,847	-$1,203,001	-$1,198,155	-$1,192,098
Depreciation.	- $705,945	- $705,945	- $705,945	- $705,945	- $705,945
Profit/Loss.	- $608,122	- $604,488	- $599,642	- $594,796	- $588,739
Tax Rate 50%.	x .50	x .50	x .50	x .50	x .50
Taxes Owed (+/-).	- $304,061	- $302,244	- $299,821	- $297,398	- $294,370
Cash Flow.**	$60,994	$60,994	$60,994	$60,994	$60,994
Tax Savings (+/-).	+ $304,061	+ $302,244	+ $299,821	+ $297,398	+ $294,370
Investment Tax Credit.	+$1,973,567	- -	- -	- -	- -
Facade Easement.	- -	$866,107	- -	- -	- -
Return on Investment.	$2,338,622	$1,229,345	$360,815	$358,392	$355,364
Return on Investment Cumulative %.	72%	110%	121%	132%	143%

** net operating income after subtraction of debt service

Table 3.2. Scheme B Project Costs

I. Acquisition Costs

$1,777,296*

*same total as Scheme A

II. Demolition Costs

$286,696**

**all other demo. included in direct retail costs

III. Construction Costs

	Boley Replacement	Harzfeld Replacement	Krigel Replacement
Gross Retail sq. ft.	29,813 sq. ft.	15,594 sq. ft.	(AT+T Tele-conferencing)
Retail Cost/ sq. ft.	$89.27/sq. ft.	$89.27/sq. ft.	- -
Total Cost	$2,661,407	$1,392,076	- -
Gross Office sq. ft.	39,750 sq. ft.	46,782 sq. ft.	24,800 sq. ft.
Office Cost/ sq. ft.	$80/sq. ft.	$80/sq. ft.	$80/sq. ft.
Total Cost	$3,180,000	$3,742,560	$1,984,000

Total Retail and Office Cost. $12,960,043

IV. Indirect Costs***

Financing Fee	$91,081
Legal Fee	$194,401
Partners Fee	$388,801
Architectural/ Engineering Fee+	$484,579
+office only	
Leasing Fee	$160,713
Construction Loan Interest	$1,706,515
	$3,026,090

V. Total Cost

Acquisition	$1,777,296
Demolition	$286,696
Construction	$12,960,043
Indirect	$2,716,871
Total Cost	$17,740,906

***same percentages as Scheme A

Table 3.6. Scheme B Project Income

I. Annual Gross Income from Net Leasable Area

Net Retail sq. ft.:		
	Boley Replacement	25,500 sq. ft.
	Harzfeld Replacement	14,864 sq. ft.
	Krigel Replacement	- -
		40,364 sq. ft.
Annual Rent/sq. ft.		$20/sq. ft.
Annual Retail Income		$807,280
Net Office sq. ft.:		
	Boley Replacement	34,000 sq. ft.
	Harzfeld Replacement	44,591 sq. ft.
	Krigel Replacement	22,000 sq. ft.
		100,591 sq. ft.
Annual Rent/sq. ft.		$16/sq. ft.
Annual Office Income		$1,609,456

II. Total Annual Gross Income

Annual Retail Income	$807,280
Annual Office Income	$1,609,456
Total Gross Income	$2,416,736

III. Net Operating Income (N.O.I.) before Debt Service

Total Annual Gross Income (Retail and Office)	$2,416,736
Vacancies (5%)	- $120,837
Annual Gross Effective Income	$2,295,899
Property Taxes/Insurance*	- $145,004
Management Fee*	- $96,669
Maintenance Fee*	- $96,669
Operating Expenses (15% of total gross income)**	- $362,510
Leasing Fee*	- $137,754
Annual N.O.I. before Debt Service	$1,457,293

*same percentage as Scheme A

**Historic Kansas City Foundation

Table 3.7. Scheme B Financing and Depreciation

I. Financing

Total Project Cost	$18,050,125
Loan to Value Ratio	x .75
Mortgage Loan	$13,537,593
Debt Service Constant*	x .1288
Debt Service/Annum	$1,743,642
N.O.I. before Debt Service	$1,596,932
Debt Service	-$1,743,642
N.O.I. after Debt Service (Cash Flow)	-$146,710
Total Project Cost	$18,050,125
Mortgage Loan	-$13,537,593
Equity Required	$4,512,532

II. Depreciation

New Construction Direct Costs	$12,960,043
Financing Fee	+ $91,081
Architectural/Engineering Fee	+ $484,579
Construction Loan Interest	+ $1,706,515
	$15,242,218
Recovery Period (15 years)	÷ 15
Depreciation / Annum	$1,016,148

*amortization of mortgage loan at 12.5% over 30 years

Table 3.8. Scheme B Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
N.O.I. before Debt Service.	$1,596,932	$1,596,932	$1,596,932	$1,596,932	$1,596,932
Interest on Debt Service 12.5 %.	-$1,692,205	-$1,687,148	-$1,680,348	-$1,673,548	-$1,665,178
Depreciation.	-$1,016,148	-$1,016,148	-$1,016,148	-$1,016,148	-$1,016,148
Profit/Loss.	-$1,111,421	-$1,106,364	-$1,099,564	-$1,092,764	-$1,084,394
Tax Rate 50%.	x .50	x .50	x .50	x .50	x .50
Taxes Owed (+/-).	- $555,711	- $553,182	- $549,782	- $546,382	- $542,197
Cash Flow. **	- $146,710	- $146,710	- $146,710	- $146,710	- $146,710
Tax Savings (+/-).	+ $555,711	+ $553,182	+ $549,782	+ $546,382	+ $542,197
Investment Tax Credit. *	- -	- -	- -	- -	- -
Facade Easement. *	- -	- -	- -	- -	- -
Return on Investment.	$409,001	$406,472	$403,072	$399,672	$395,487
Return on Investment Cumulative %.	9%	18%	27%	36%	45%

* not applicable to new construction

** net operating income after subtraction of debt service

Table 3.9. New Retail Mall Project Costs

I. Acquisition Costs

Land	Building	Total Cost
$1,669,200	$1,611,545	$3,280,745

II. Demolition Costs*

*included in direct costs/sq. ft. ($89.27/sq. ft.)

III. Construction Costs

Gross Sq. Ft.	Cost/Sq. Ft.	Total Cost
151,700 sq. ft.	$89.27/sq. ft.	$13,542,259

IV. Indirect Costs**

Financing Fee	$108,627
Legal Fee	$203,134
Partners Fee	$406,268
Architectural/Engineering Fee+	- -
+included in direct costs/sq. ft.	
Leasing Fee	$191,673
Construction Loan Interest	$1,581,276
	$2,490,978

**same percentages as Scheme B

V. Total Cost

Acquisition	$3,280,745
Construction	+$13,542,259
Indirect	+ $2,490,978
	$19,313,982

Table 3.10. New Retail Mall Project Income

I. Annual Gross Income from Net Leasable Area

Net Retail sq. ft.: New Mall	144,115 sq. ft.
Annual Rent/sq. ft.	$20/sq. ft.
Annual Retail Income	$2,882,300

II. Total Annual Gross Income

$2,882,300

III. Net Operating Income (N.O.I.) before Debt Service

Total Annual Gross Income (Retail and Office)		$2,882,300
Vacancies (5%)	-	$144.115
Annual Gross Effective Income		$2,738,185
Property Taxes/Insurance**	-	$172,938
Management Fee**	-	$115,292
Maintenance Fee**	-	$115,292
Operating Expenses**	-	$432,345
Leasing Fee**	-	$164,291
Annual N.O.I. before Debt Service		$1,738,027

** same percentage as Scheme B

Table 3.11. New Retail Mall Financing and Depreciation

I. Financing

Total Project Coet	$19,313,982
Loan to Value Ratio	x .75
Mortgage Loan	$14,485,487
Debt Service Conetant*	x .1288
Debt Service	$1,865,731
Net Operating Income	$1,738,027
Debt Service	- $1,865,731
Cash Flow / Annum	- $127,704
Total Project Cost	$19,313,982
Mortgage Loan	-$14,485,487
Equity Required	$4,828,495

II. Depreciation

New Construction Direct Costs	$13,542,259
Financing Fee	+ $108,627
Architectural/Engineering Fee**	- -
Construction Loan Interest	+ $1,581,276
	$15,232,162
Recovery Period (15 years	÷ 15
Depreciation / Annum	$1,015,478

**included in New Construction Direct Costs

*amortization of mortgage loan at 12.5% over 30 years

Table 3.12. New Retail Mall Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
Net Operating Income.	$1,738,027	$1,738,027	$1,738,027	$1,738,027	$1,738,027
Interest on Debt Service 12.5%.	-$1,866,936	-$1,861,335	-$1,853,867	-$1,846,400	-$1,837,065
Depreciation.	-$1,015,478	-$1,015,478	-$1,015,478	-$1,015,478	-$1,015,478
Profit/Loss	-$1,144,387	-$1,138,786	-$1,131,318	-$1,123,851	-$1,114,516
Tax Rate 50%.	x .50	x .50	x .50	x .50	x .50
Taxes Owed (+/-).	- $572,194	- $569,393	- $565,659	- $561,926	- $557,258
Cash Flow.**	- $127,704	- $127,704	- $127,704	- $127,704	- $127,704
Tax Savings (+/-).	+ $527,194	+ $569,393	+ $565,659	+ $561,926	+ $557,258
Investment Tax Credit.*	- -	- -	- -	- -	- -
Facade Easement.*	- -	- -	- -	- -	- -
Return on Investment.	$444,490	$441,689	$437,955	$434,222	$429,554
Return on Investment Cumulative %.	9%	18%	27%	36%	45%

*not applicable to new construction

**net operating income after subtraction of debt service

Table 3.13. Summary of Feasibility Analysis Considerations

	Scheme A	Scheme B	Retail Mall
Project Cost:	$12,922,467	$18,050,125	$19,313,982
Project Income			
-before debt service:	$1,309,304	$1,596,932	$1,738,027
-after debt service:	$60,994	-$146,170	-$127,704
Return on Investment: (5 yr. cumulative)	$4,642,538	$2,013,704	$2,287,910

Summary of Findings

Excluding the new retail mall, common to both Scheme A and Scheme B, the economic feasibility analysis demonstrates that preservation tax incentives greatly enhance the dollar value of rehabilitation as an alternative to new construction. (Without the Investment Tax Credit and Facade Easement Scheme A would provide a cumulative Return on Investment less than Scheme B, $1,802,864.)

In this study total rehabilitation costs prove to be less than total new construction costs which means that if debt financing is the same for both projects, Scheme A will generate a greater cash flow (net operating income after debt service) than Scheme B. Even though Scheme B generates a greater net operating income before debt service, the higher costs of new construction carry a greater mortgage burden than Scheme A. The derived figures for construction of the new retail mall reinforce these findings. A negative cash flow results from high project construction

costs.

The feasibility analysis bears out the fact that dollar for dollar, including tax incentives, rehabilitation is "the only game in town."

It must be stated that modern building technologies which account for the size of new construction can render older landmarks economically obsolete. If not for pressure from special-interest groups for preservation of the character and scale of "Petticoat Lane," the three landmark replacement structures in Scheme B could have enveloped 30 stories of air space under current zoning laws in Kansas City. In order to elucidate the economic consequences of such a scenario, Scheme B_1 appears as Appendix 1. Scheme B_1 findings will illustrate the threat to many other urban landmarks in spite of federal tax programs that encourage their retrieval and continued use.

IV. NON-MONETARY VALUE

Historical Significance: Downtown

Two principal developments in the decade of the 1860's acted as catalysts in the rapid growth of Kansas City. The expansion of the railroad, specifically the Missouri-Pacific in 1865, provided a vital link with the Southwest as well as St. Louis and Chicago. The rapid development of the railroad in Missouri was stimulated by St. Louis' competition with Chicago for commercial primacy in the region of the Upper Mississippi Valley. The railroad served as a funnel through which one could receive manufactured goods and could ship agricultural products to the eastern half of the United States. The railroad had been accomodated through the spanning of the Missouri River with the Hannibal Bridge in 1869. Octave Chanute was responsible for the engineering feat which had to overcome unpredictable water currents and wind problems in order to be constructed. The bridge as well as the railroad were largely responsible for the swell in urban population. Between the years of 1865 and 1870 the population expanded from 6,000 to 30,000 in metropolitan Kansas City.

In 1869 Mayor Samuel D. Vaughn, an early speculator in real estate, commissioned the erection of a commercial building at the intersection of 9th, Maine, and Delaware Streets. Two blocks from "Petticoat Lane" this corner, known as the "Junction," became the most strategic intersection in Kansas City. It was the primary terminal for the growing

cable car system which contributed to a transformation of 9th Street into the financial, social, and cultural center of the city. The mayor's commercial building, labelled "Vaughn's Diamond," was the centerpiece of the district. Now demolished, the mansard-roofed structure was a lynchpin in the development of the downtown: "... the vagaries of demolition and renovation have removed almost all nineteenth century mansard-roofed buildings in the city, and, in fact, most of the buildings from the 1860's and 70's as well."[9] The intersection at "Vaughn's Diamond" was the busiest in the city for over forty years. It contributed to the growth and development of "Petticoat Lane" during the major building decades at the turn of the century, c. 1907-20.

The decades of the 1870's and 1880's witnessed development that was to shape the city into form competitive with both St. Louis and Chicago. During the 1870's the wide open cosmopolitan delights of opera and theater, fine restaurants, and other cultural amenities drew the attention of settlers throughout the Midwest.[10] The "boon" decade of the 1880's started with a flood of settlers into the area which so led consequently to an extensive residential construction industry. In the wake of this urban migration was subsequent growth of the city's cable car lines, which evolved into the third largest mileage of cable line in the country, and of the downtown business district.

The building boom of this decade produced several significant office buildings along 9th Street. The largest and most prestigious of these structures was the New York Life Insurance Building constructed in 1887. This tall office building, comprised of two flanking ten story blocks and a central twelve story tower, was considered to be one of the great building achievements west of the Mississippi.

Building at this scale was the impetus for several major outside architectural firms to open temporary offices in Kansas City. Among the finest of these designers was the Chicago-based firm of Burnham and Root, and the Easterners McKim, Mead, and White of Boston. Taller buildings were planned and within ten years a series of major tall office buildings dotted the streetscapes of the downtown. The area encompassed by this building development was 8th to 11th Street and Central to Grand, the financial and commercial center of Kansas City. At the southeast corner of this the original central business district was "Petticoat Lane." The historic C.B.D. architecturally presents a microcosm of urban life as it developed here from the 1880's. (In this decade, the 1980's, preservation of this district has become a critical issue. Of the seven structures designed by Chicago's Burnham and Root, only one still stands in Kansas City -- the William Chick Scarritt residence. Real estate market pressures have forced the demolition of all of their suave commercial buildings, the firm's most significant work.)

A plan was presented in 1893 which outlined an overall development for Kansas City growth. The crucial ingredient in this master plan was the establishment of an extensive park and boulevard system. Four major parks were to be connected by a network of boulevards which defined and separated commercial, residential, and industrial sections. The reasoning behind this long range scheme was to promote planned land use.

Land for one of the four parks was donated to the city by a Col. Thomas Swopes. A shrewd investor in real estate, Swopes had owned and subdivided into lots a large portion of the C.B.D., including "Petticoat Lane."

Growth in the commercial downtown continued into this century.

During the first decade, 1900-10, the first examples of skyscraper-type construction conceived for buildings more than 10 or 12 stories appeared in Kansas City. (The term skyscraper denotes a high-rise office building which incorporates modern structural techniques, in particular steel frame conetruction.) Developed by a local lumber magnate, the R.A. Long Building ie considered to be the first skyscraper in the city.

Situated at the northwest corner of 10th and Grand, the building was erected in 1906 by a local firm. Shortly thereafter, the Scarritt Building at 9th and 10th was designed with conscious awareness of the architectural style of Louis Sullivan's commercial buildings in Chicago. The discipline and conservatism of the new style, especially in ite ornamentation, provided a model for a new generation of Kansas City architecte.

Representative of the better designers of their time are John W. McKeckine and Louis S. Curtise. (Curtiss will be diecuseed in a separate section dealing with his Boley Building on Block 93). McKeckine, like Curtise, is noted for having incorporated structural innovations remarkably advanced for the time. Hie Gumbel Building, 1903-04, is a very early example of the large-scale use of etructural members made of reinforced concrete. A smaller building in the vicinity of the later skyscrapere, 8th and Walnut, it is clad in ornamental terra cotta. The placement and overall design of the material on the principal facades is reminiscent of Sullivan'e work. McKeckine will be further diecussed in relation to his Harzfeld Building on "Petticoat Lane."

By 1910, a large, modern city had replaced the small frontier town of the 19th century. The recently completed skyecrapers towered over a downtown area that now centered along 10th and 11th Street.[11] The

following decade would witness the final development of a modern "Petticoat Lane," Main to Grand, that was to survive until this time, April of 1984.

An historical abstract, focusing on "Petticoat Lane," will reinforce the landmark value of its surviving streetscape to not only those who witnessed its development then, but to those developers now who are responsible for its future.

Historical Significance: "Petticoat Lane"

One of the earliest recorded accounts of this district includes a description of Block 93. R.C. Walpole, an original white settler in the city, describes the built environment upon his arrival in 1858.[12] At the southwest corner of 11th and Walnut Streets, on Block 93, was an existing log house occupied by a Judge Smart. The remainder of the block bounded by 11th, 12th, Walnut, and Main Streets was a "beautiful woods pasture of magnificent oak trees." Shortly after Walpole's arrival, land was cleared and a "Christian church" was erected at the northeast corner of 12th and Main, Block 93. Enclosing the block at "different places" were a few wooden sidewalks. Shortlived, the original sidewalks were confiscated by Civil War soldiers during the Battle of Westport and burned for heat in the winter. Wooden sidewalks were reinstalled following the war and continued in use until 1935. At the time of their final removal by the Midwest Paving Company, they were the last surviving block of wooden sidewalks in Kansas City. The wooden planks had run on either side of "Petticoat Lane" from Grand to Main Street. An asphaltic concrete surface was laid on the old base as replacement paving.

R.C. Walpole occupied the first house ever built on Locust Street at the Northeast corner of 12th and Locust. The site was part of a

deserted cornfield that encompassed "... the squares between Ninth and Twelfth Streets and Grand and that alley between Cherry and Locust Streets." To the east of this cornfield was a large tract of woodland. Walpole had bought his property in 1865 from the same Judge Smart who resided on the Block 93 site.

Smart had been one of the earliest Kansas City settlers to invest in real estate. He owned 90 acres of downtown land that were bounded by 8th and 18th Streets to the north and south respectively, and Campbell and Baltimore to the east and west. Although no date is given by Walpole in his account, Judge Smart eventually sold his 80 acres which he had bought for $3.00/acre prior to 1858. A Thomas H. Swope purchased the land at a price of $200.00/acre. Shortly thereafter, to the horror of Judge Smart, Swope divided the tract of land into smaller lots which commanded a price of $200.00 each. Land speculation had reached Kansas City. Swope's shrewd real estate dealings encouraged rapid development of the land including what was to become Block 93 and "Petticoat Lane."

By the 1890's, 11th Street from Main to Grand was developing as a retail district. (Figure 4.1) Women's "ready-to-wear" stores began to replace the many salons that had lined the street. As early as 1891, six women's stores had started business on 11th Street. The reputation of the street as a "park" shopping area for women encouraged further growth and development. Carriages, driven by liveried coachmen and drawn by teams of horses, and a few small electric cars transported customers to and from the street. Forerunners of the modern parking meter, iron rings were placed along the curb at intervals for tying horses. To bolster sales, the women's shops such as Emery Bird Thayer ran their own delivery

services. (Figure 4.2) Large and small items alike could be delivered to customers.

It was during this decade, the 1890's, that the nickname "Petticoat Lane" came into being. Traditionally, the designation is attributed to Mrs. Minnie McIntyre Wallace of Kansas City. A member of the staff of the "Horse Show Monthly" during the 1890's, Miss McIntyre wrote poetry which frequently appeared in the Kansas City Star. Her poem of c. 1893, "In Petticoat Lane," was inspired by memories of shopping in Kansas City with her mother: "My mother and I used to trudge down the length of Main Street frequently. ... After gloating over the Emery Bird Thayer's windows, it was natural that we followed the throng into the crowded little thoroughfare one block long."

In Petticoat Lane[13]

(Eleventh Street, From Walnut to Main.)

In Petticoat Lane the maids are
   fair,
In silken glory and glossy hair.
With gleam of colors and smart
   array,
They flutter along, insouciant, gay.
A breath of heliotrope in the air,
Couples a-laughing and debonair;
Throng with beauty that tiny
   square;
Stopping, perchance at some shop's
   display
In Petticoat Lane.

The Frau, Frau of Silken gown is
   there
And blossoming hats (Dame Fashion's
   Ware)
And smiles fragrance and dimples
   that slay
The hearts of the youth who looks
   that way:
Heigh-ho! The masculine minds
   despair
In Petticoat Lane.

And over all is the sun's crisp
glare.
With crush of Carriages every-
where,
And feminine crowds on Saturday,
In Petticoat Lane.

Minnie McIntyre

The term "Petticoat Lane" was popularized and came to denote the two block length of 11th Street from Main to Grand Avenue. Through the 1920's, "Petticoat Lane" was the principal etreet in the downtown shopping district catering more to women's needs. (Figure 4.3) The term "Petticoat Lane" demonstrates the aspirations of Kansas City residents to create a cosmopolitan atmosphere within the developing city at the turn of the century. "Petticoat Lane" parallels London and Parie nomenclature such as "Piccadilly Circus" and the "Rue de Rivoli." Sigmund Harzfeld, founder of the Harzfeld Parisian Cloak Co., used the designation "Petticoat Lane" to market a line of women's apparel and cosmetic preparations. Though Harzfeld claims the phrase as his idea, inspired by the "Rag Fair," an old clothes mart of the Jews in the east end of London, "Petticoat Lane" appears to have been commonly used prior to Harzfeld's eetablishment in the downtown.

At the turn of the century, the entire length of "Petticoat Lane" on most days was lined by motor cars and horses. Metropolitan street cars ran to all parts of the city. Passengers were charged a five cent fare but received a free transfer. Initially drawn by horse, the street cars were eventually generated by electricity. Shops along "Petticoat Lane" consisted primarily of clothiers and jewellers. At the southeast corner of Main and 11th was the Browning-King Store, surprisingly, a national clothing firm for men and boys (Figure 4.4). To the east, at

the northwest corner of 11th and Grand were the offices of the "Kansas City Star" and "Kansas City Times." This tall office building was adjacent to the prestigious Emery Bird Thayer Department Store located at the strategic northeast corner of 11th and Walnut.

The development of the Hotel Baltimore in 1902 at the southeast corner of 11th and Baltimore played a significant role in the growth of the downtown. Designed by the local architect, Louis S. Curtiss, the hotel was the largest in the city at that time. Travellers from both the east and other parts of the midwest not only stayed at the Hotel Baltimore but shopped along Main and up "Petticoat Lane."

The reputation of the two block thoroughfare was circulated through the printing of post cards. In c. 1905, S.H. Knox, owner of the S.H. Knox five and ten-cent store which was located directly to the south of Browning-King's on Main, had post cards printed in Leipzig, Germany from actual photographs of "Petticoat Lane" (Figure 4.5). The cards were inexpensive and the postage necessary to send them nationwide was only a penny. In 1905 the mailing of post cards in the United States exceeded two million per day. The "Petticoat Lane" postcards sold readily to appreciative Kansas City residents who felt a close affinity with their shopping district.

Through the 1950's "Petticoat Lane" maintained its reputation as a major Kansas City Shopping district. (Figure 4.6) The Public Works Department in 1948 suggested that sidewalk space be increased to accommodate the overflow of pedestrians that was often forced into the street. The narrow 36 foot wide thoroughfare encountered pedestrian traffic of 39,000 shoppers on a typical weekday between the hours of 11:00 a.m. to 7:00 p.m. The recommendation of the Public Works was discarded and the relationship

of pedestrian to motor traffic space remained unchanged.

Street signs in feminine script, reading "Petticoat Lane," were installed along 11th from Main to Grand in the early 1950's (Figure 4.7). A decade later new, more luminous street lamps replaced those that had been installed in the 1930's.

It was not until May of 1966 that 11th Street between Grand and Main was oficially designated as "Petticoat Lane." The City Council stated that it was their intention, through the official designation, to denote the small district as a prestigious shopping area.

Though signifying the historic and aesthetic value of 11th Street, The Council's decision to use the term "Petticoat Lane" was probably influenced foremost by economic factors. Since about 1963 the major retailers along 11th Street, including Harzfeld's and Emery Bird Thayer, had suffered dwindling reverses from sales. Emery, Bird, Thayer was forced to shut its doors in 1968. Harzfeld's has managed to stay in business through expansion to the Country Club Plaza and six other locations in regional shopping malls. However, the "Petticoat Lane" Harzfeld's was forced out of business in January of this year when AT+T acquired the development rights to Block 93.

In early 1973 the City Council had discussed alternatives for making the downtown area more competitive with other shopping areas, the Country Club Plaza in particular. Joseph E. Vitt, city development director, stated, "The problem is the inability to aesthetically compete with such shopping centers as the Country Club Plaza. It is that competitiveness that must be regained."[14] Proposals included the closing of "Petticoat Lane" to motor traffic, an idea which dates back to 1958 when enlightened councilmen realized the threat of developing regional shopping centers. In

providing an open pedestrian mall, the intent was to provide the downtown with the kind of focal point needed to draw more development dollars.

During the same council meeting, the inception of the idea of redeveloping Block 93 was put forth by council member Arthur Asel. Though no action on the proposal was taken at that time, its portent was recognized by the private development community.

Redevelopment of Block 93 was planned in 1980 under the leadership of Stanley Durwood and the Crosstown Development Corporation. In January of 1982 Crosstown purchased the development rights to the entire block. Their plan called for demolition of most of Block 93 and the development of a new enclosed retail mall, named the "Galleria." Crosstown also recognized the significance of the "Petticoat Lane" streetscape and incorporated the rehabilitation and linkage of the Harzfeld and Krigel buildings to the new development as part of their plans. In keeping with earlier design proposals, the developer intended to close "Petticoat Lane," Main to Walnut, to vehicular traffic and envelop the space with a steel and glass barrel vault (Figure 4.8). In so doing, "Petticoat Lane" might "aesthetically" compete with other retail malls in the area.

However, Crosstown's plans were never realized as the development rights were transferred to AT+T in August of 1983. The communications giant altered Crosstown's plans as they related to "Petticoat Lane." The new plans call for the demolition of Krigel's Jewellery, omission of the transparent barrel vault, and retention of vehicular traffic on 11th. The razing of Krigel's and the consequent diminution of the "Petticoat Lane" streetscape is the pivotal issue which has motivated the present study.

Architectural Significance: Lillis Building

Contributing to the "Petticoat Lane" streetscape at the northwest corner of 11th and Walnut is the Lillis Building. Constructed over a two year period, 1908-09, this tall office structure was originally named the Sharp Building. Charles Sharp, a wealthy railroad contractor, was responsible for the building's development. At his death in 1916, Sharp donated the building to the Kansas City Orphan Boy's Home which was administered through the Catholic diocese. The name was later changed to the Lillis Building in honor of Bishop Thomas F. Lillis. The realty office of James F. Lillis, Sr., and his three sons, no relation to Bishop Lillis, purchased the building in March of 1960.

Designed by the Chicago architectural firm of H.R. Wilson, the ten story structure is a fine example of a three-part commercial block with second and third stories acting as a transitional zone (Figure 1.5). Resting upon a caisson foundation, the steel frame is sheathed with bricks of varying brown shades. A white terra cotta is used to accentuate the windows of the 10th floor and to clad the projecting cornice above. The shaft of the building, floors three through eight, is fenestrated with double hung sash windows resting upon stone sills. Above the arched windows of the ninth floor a simple terra cotta cornice runs around the principal facades. On the 2nd floor, a bay window effect is the result of a slightly projecting central pane being flanked by narrow side lights set at an angle.

The building is in good condition in regard to the exterior. Rehabilitation work would be focused on the interior spaces, although total expenses should be within a reasonable budget for most developers. If restored to its original programmatic design, the Lillis building would have shops on the first floor with offices occupying the entire space above.

Architectural Significance: Waldheim Building

Directly west of the Lillis Building and completing the north side of the "Petticoat Lane" streetscape is the Waldheim Building. Erected within two years of the Lillis high-rise, the Waldheim Building of 1910 is a design of the prestigious Chicago architectural firm of D.H. Burnham and Company. Following the premature death of his partner, John Wellborn Root, Daniel Burnham continued the firm, formerly Burnham and Root, under his own name. Burnham's sophisticated designs for the tall office building served as models for many skyscraper architects of this century. Demonstrating his confidence in the future of Kansas City, D.H. Burnham opened a temporary office downtown at the time of the Waldheim Building's construction.

Resting on a foundation of concrete, the sixteen story structure incorporates a steel frame sheathed entirely in terra cotta. Similar to the Lillis Building, the Waldheim is a three-part vertical block with 2nd and 3rd story transitional zone. The base, or 1st story, has been variously altered by retail tenants through the placement of signage. The transitional zone is elegantly fenestrated with Chicago-style windows and capped by a slightly projecting beaded cornice. Directly below this cornice line are terra cotta spandrel panels decorated with an ornate swag and medallion motif (Figure 1.6). Pilasters run between the paired double hung sash windows of the building's shaft, floors four through fifteen. Connecting the pilasters above each floor are more spandrel panels, each decorated with a pair of rosettes. The attic story is handsomely accentuated through the use of smaller windows set in an arched surround. The resulting arcade creates an harmonious rhythm across the facade.

The overall condition and programmatic requirements of the Waldheim Building are similar to those of the Lillis. Compensation for the added expense of a terra cotta restoration could be realized through the donation of a facade easement. Still owned by the Waldheim family, this Kansas City landmark is irreplaceable.

Architectural Significance: The Boley Building.

Located at 12th and Walnut, the Boley Clothing Store Building would be considered a secondary component of the "Petticoat Lane" streetscape. Expanding its business, Boley Clothing had the new building erected in 1908 as replacement for the old one located on 10th and Main. Although only six stories tall, the Boley Building was structurally designed to support an additional nine stories. As competition from other clothing retailers increased during the next decade, Boley Clothing was forced out of business in 1916. A long-term owner of the building was the Katz Drug Company which purchased the building in May of 1931. Space was later leased to the Three Sisters Specialty Shop, the last remaining tenant prior to AT+T's purchase of the block last year.

Officially opened in March of 1909, the Boley Building remained a unique feature of the Kansas City landscape for more than 40 years. To its early customers who arrived by horse-drawn vehicles and street cars, the Boley Building was referred to as the "Daylight Store" and the "glass building." At the time, heavily ornate structures of masonry were the rule. However, for the Boley project, "Light and plenty of it" was a programmatic requirement adhered to by the architect, Louis S. Curtiss. (see Appendix 2).

In the design of the Boley, Louis Curtiss anticipated the entire range

of metal and glass curtain wall construction that became architectural idiom in the 1950's.[15] (Figure 4.9) The ingenuity of Curtiss is made clear when one considers that steel frame construction was less than a decade old in Kansas City, c.1905. The use of a masonry bearing wall or cast iron construction were the prevailing methods of support at the turn of the century. For commercial architecture, provisions for getting light into a building and for increasing the rentable floor space were major concerns.

In the construction of the Boley, Curtiss demonstrated his mature understanding of the possibilities of the new technology. Resting on a masonry foundation, the steel frame structure carries wall construction of iron, glass, brick, and terra cotta. With the steel structural skeleton, the wall system needs to carry no weight other than that of its own materials. All loads and stresses were carried directly to the foundation through the steel frame. Thus, the steel frame was the means by which floor space and light penetration could be increased.

The two principal facades of the Boley are entirely unobstructed by columns creating a true curtain wall of metal and glass. The curtain wall is framed by a white terra cotta cornice and end bays which exhibit the refined, original ornamentation of Curtiss. Horizontal bands of cast iron mullioned strip windows separated by horizontal metal spandrels display strong Art Nouveau influences. Curtiss would have been very fimilar with the style for he had studied at the Ecole des Beaux Arts in Paris during the 1890's.

The novel element in the design is the vast expanse of glass that creates a transparent screen from the outside elements. Almost floor-to-ceiling, the windows of the facade incorporate 15,000 square feet of glass. The steel frame supporting the facade is not visible on the exterior of the

building enhancing the open effect created by the expanses of glass. The structure's floors are cantilevered out about five feet from the steel frame. The wall system was then hung from this cantilevered portion of the structure.

At this time, the use of cantilevered construction was a novel structural advancement that Curtiss exploited fully in the design of the Boley Building. Other structural advances explored in the design of this six story commercial store include the use of reinforced concrete floor panels and structural columns of rolled steel.

Formed in panels approximately twenty feet square, the reinforced concrete floor panels rest on steel beams that span the columns in grid-iron form. Creating a more open floor space, the large concrete panels were structural elements that had never been incorporated into a high-rise structure before. Supporting both the concrete panels and the wall system are columns of rolled steel that were fabricated in one piece. Made by the Bethlehem Steel Works in Philadelphia, Pennsylvania, they were the first steel columns ever rolled in the United States. Previously, structural steel columns had consisted of several steel plates riveted together. The structural columns of the Boley weigh 265 lbs./linear foot which translates to an overall figure of 620 tons of steel to form the structural skeleton. It must be remembered that the original plans called for a structure that was capable of supporting an additional nine stories.

Architectural Significance: Harzfeld's Inc.

Occupying a key "anchor" site in the "Petticoat Lane" retail district is Harzfeld's Inc. Started in 1891 as Harzfeld's Parisian Cloak Co. by Siegmund Harzfeld, the store moved to its present location in 1913. Over

a period of ninety years Harzfeld's was highly regarded as a specialty store for women's and children's clothing.

This "Petticoat Lane" tall office building was constructed by the Deardorff Estate and leased to Harzfeld's which later purchased the building. Designed by John McKecknie, one of the most respected Kansas City architects of the time, Harzfeld's is an important example of early skyscraper design in Kansas City as influenced by the work of Chicago's Louis Sullivan. The building is designed as a three part vertical block analogous to the three vertical divisions of a classical column: base, shaft, and capital. (figure 1.3)

Resting on a concrete foundation, the structure incorporates a steel frame with brick and terra cotta comprising the wall treatment. The two principal facades are faced with white terra cotta panels similar to those of the Waldheim Building. A profusion of classical and original ornamentation extends from base to cornice but is assuredly handled by McKecknie. A discipline and conservatism in its handling bely the architect's familiarity with Chicago School decoration.

The highly decorated colossal piers, running the full two stories of the building's base, frame the window openings of the first two floors as well as provide visual support for the upper stories. Separating the base from the shaft is a frieze of egg and dart moldings capped by cartouches above the piers. Decorative window surrounds accentuate the pairs of double hung sash windows that run from the third to ninth floor. A vertical emphasis is created through the use of attached piers which continue up the entire length of the shaft and project slightly from the building's wall planes. The windows of the attic story are ornately framed and rest upon a slightly projecting cornice. Above the attic, a projecting modill-

ioned cornice provides a handsome terminus to the vertical thrust of the piers below.

In 1920, an 11th story was added to the structure. Recessed and hidden above the projecting cornice, the additional story was designed by Frederick E. McIlvaine, an architect formerly employed by Louis Curtiss. Twelve years later, 1932, Harzfeld's was linked to the Krigel building by a passageway above street level. At the time, to accommodate its burgeoning retail trade, Harzfeld's maintained several management offices on the upper floors of Krigel's.

During the 1920's era, Siegmund Harzfeld boasted that his store was the largest exclusively women's shop in the United States. The Main Street store, his flagship, became one of six Harzfeld's located in Kansas City and Columbia, Missouri. However, the downtown store began to fail in the 1960's as a result of general decentralization problems. The impact of regional shopping malls struck the Central Business District. Harzfeld's, as well as other major retailers of "Petticoat Lane," found it difficult to cover operating expenses as retail sales declined. Finally, in the autumn of last year, the Kansas City Redevelopment Authority ordered Harzfeld's to evacuate their "Petticoat Lane" store. The development rights to the site, including ownership of this commercial landmark, are now in the hands of AT+T.

Architectural Significance: Krigel's Jewellery

In the AT+T regional headquarter plans, Krigel's Jewellery is slated for demolition in April of 1984. The move is in response to the corporation's need for a 35,000 sq. ft. unobstructed floor area at ground level, which must be located at the northeast section of Block 93.

Integration of this large teleconferencing area with the existing Krigel's structure is considered untenable by the J.E. Dunn Construction Company, AT+T's construction consultants.

Erected in 1907, Krigel's was referred to as the Lillis Building until at least 1941. It has been owned at various times by the Lillis "clan," prominent realtors in Kansas City for many years. Liggett Drugs was a long-term tenant on the first story. Since 1941 the building has assumed a somewhat anonymous identity. Occupancy of the first floor passed from Helzberg Diamond Jewellers to Krigel's, a jewellery store associated with the downtown since 1910, in the summer of 1973. The store is the jeweller's forth location.

The structure is a very early example of steel frame construction in Kansas City (Figure 1.4). Shepard and Ferrar, an early distinguished architectural firm in the city, were responsible for the building's design. The steel skeleton is sheathed in brick which has been painted white. Separating groupings of double-hung sash windows with transoms, brick piers run from the top of the first story to the base of the entablature which caps the building. An horizontal effect is created through the placement of four continuous bands between the upper stories of the structure. The first story, occupied by Krigel's, has been variously altered in attempts at modernization. (Signs have been variously displayed and the entrance has been moved from the center of the north facade to the northeast corner.)

Constructed as an investment property by J.S. Lillis, president of the Western Exchange Bank, the building, itself, has little significant architectural value. The oldest surviving component of the "Petticoat Lane" streetscape, Krigel's importance lies in its contribution to the

historic character of the district. Mark Shapiro, director of Historic Kansas City Foundation, states: Krigel's is "...one of the extant buildings of Downtown's most historically significant retail districts, and its size, fenestration, texture, and color contribute to Petticoat Lane's visual richness."[16] This contextual value is clearly as important as the architectural value of individual buildings.

The exterior of Krigel's Jewellery is in good condition although, extensive rehabilitation work is required on the interior in order for the structure to comply with current building codes. Wooden floor joists, a fire hazard, would have to be replaced with steel joists necessitating extensive "hand" labor. Not done on a production basis, this type of work is costly to the developer in terms of both labor and time. Survival of this landmark depends on a delicate "value" equation which compensates for Krigel's economic liability through incorporation of the building's more important non-monetary assets.

Summary of Findings

The difference between Scheme A and Scheme B, in terms of non-monetary value, is at the heart of the preservation movement. Scheme A advocates the continued use of three landmark buildings in an AT&T retail/office complex while Scheme B states their demolition in favor of three new replacement buildings.

Determining a non-monetary or aesthetic value for an urban landmark that will justify either its continued use or demolition and replacement is an issue that divides preservationists. The most widely recognized system for developing a non-monetary value is that of Charles Hall Page and Associates of San Francisco.[17] In an inventory of San Francisco's downtown landmarks, Page introduced a system of ranking buildings based on the evaluation of a set of objective criteria. Landmark buildings were ranked on the basis of numerical scores in four categories: historical significance, architectural significance, contextual or environmental significance, and design integrity. (Contextual significance and design integrity relate to a building's contribution to its neighborhood or area, i.e. district, in the case of the former category and a building's retention of original materials and design features in the case of the latter.) Once the numerical scores have been tallied the building is classified under one of four headings: highest importance, major importance, contextual importance, or minor importance.

The rationale behind the ranking system is to develop objective criteria for quantifying aesthetics that are widely recognized and accepted as valid. The analogy between evaluating historic buildings

and the grading of fruit or meat by government agenciee elucidatee the nature of this non-monetary value system.[18]

Though the ranking system bases its non-monetary value on the most important preservation coneiderations, hietorical and architectural significance, its generic categorization of urban landmarks is problematic. For one thing, the objective criteria through which a landmark is given a non-monetary value must be consistently applied; otherwise, it can be easily manipulated by private real-estate and business intereets.

But most importantly, each parcel of land and the improvements upon it, i.e. the landmark, are unique. Thie ie a basic precept of real eetate analysis. It is impossible to separate the non-monetary value of an urban landmark from ite monetary value as a real estate commodity. An urban landmark judged solely on the basis of non-monetary value criteria can interfere with its credibility in the development procees. Each historic building in the urban core must be given a value eynthesized from economic as well as aesthetic considerations. It ie the purpoee of the following chapter to develop a eynthesis of these values.

Taking the attitude that enlightened preservation must transcend the constrictions of a generic ranking system, the landmarks of Block 93 and "Petticoat Lane" have been evaluated on the basie of their architectural merit and their unique historic significance to downtown Kansas City.

"Petticoat Lane" as it evolved into the hub of Kansas City's retail district is an irreplaceable historic district. Based on the

considerations of architect, design, and stature within the history of commercial building, three landmarks within that district also have a eignificant architectural value. D.H. Burnham'e Waldheim Building, and the Boley and Harzfeld Buildings of Block 93 represent highest quality commercial design at the turn of the century.

Determining the architectural value of several other individual buildings within that historic district, however, is not as clearly achieved. These landmarks, which are of leseer quality individually but of high group value, depend on their recognition as components of a more highly valued historic dietrict. Having no eignificant architectural merit as an individual landmark, Krigel's Jewellery on Block 93 is a "weak link" outside of its value as a component of "Petticoat Lane." Ironically, Krigel's can also be considered a "lynchpin" in the dietrict. The demolition of this minor landmark, hypothetically, could trigger a domino effect. Without Krigel'e, "Petticoat Lane" would not contain enough buildings to comprise a certified historic district eligible for the National Register. As a result, preservationists would be lese able to justify their opposition to the demolition of the more significant landmarks within the district. The non-monetary value of "Petticoat Lane" as an historic dietrict outweighs the non-monetary value of individual historic buildings within the dietrict.

Scheme B aseumes the total clearance of all structuree from Block 93. Such a redevelopment would erase one half of the surviving "Petticoat Lane" streetscape and any justification of a

historic district. As previously described, such a radical development decision could have further repercussions, i.e. the future demolition of the Lillis and Waldheim buildings.

This important consideration aside, the non-monetary value of Scheme A versus Scheme B focuses on the prospective design quality, or architectural value of the three landmark replacement buildings in Scheme B. Under normal circumstances, a subjective aesthetic appraisal would entail consideration of plan, materials, design details, massing, and composition of elements. These major characteristics could be directly correlated and compared with their counterparts in Scheme A.

However, pressure from special-interest groups (Historic Kansas City Foundation and the Landmarks Commission) has resulted in a modification to what would have been a completely new design for all of Block 93. Scheme B addresses this modification; the scale, texture, and design of the three replacement buildings will approximate those of the demolished landmarks.

Under such circumstances, the architect of Scheme B is restricted in terms of design development. To a large degree, the designer must consider the massing, composition of elements, and choice of materials of the demolished landmarks. Only design detail and plan considerations will afford the architect opportunity for creative license.

One definite advantage of Scheme B is the prospect of a more homogeneous total design for Block 93. New construction of the entire block would alleviate the difficult problem of integrating old

with new conetruction. Venturi's addition to the Oberlin College Art Gallery and the new auditorium added to All Faithe Chapel at Kaneas State illustrate varying attitudes toward this design challenge. Few designe integrating old with new have proved wholly satisfactory.

When the non-monetary value factors of historical and architectural significance are considered in reference to a Block 93 redevelopment, two judgmente can be formulated. The hietorical value of the "Petticoat Lane" streetecape ie comparable to that of the Vieux Carre in New Orleans or other eimilar urban core districts that etimulated the subsequent historic growth of a city'e downtown. Scheme B, an interpretive replacement of the "Petticoat Lane" streetscape ie no eubstitute for the etill extant historic "Petticoat Lane."

In terms of an individual buildings architectural significance, with the exception of Krigel's Jewellery, the Harzfeld and Boley building are of high value to Kansas City. In the case of the Boley, an international value attaches to its structural innovations. One could argue that the architects of Scheme B could eurpass the design qualities of theee landmarks but euch a proposition ie highly uncertain and risky at best.

On the basie of these judgments, all components of the "Petticoat Lane" streetecape as represented in Scheme A should survive intact.

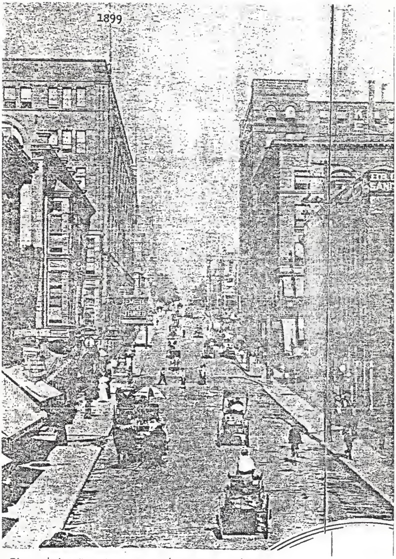

Figure 4.1. "Petticoat Lane" (from the west) 1899

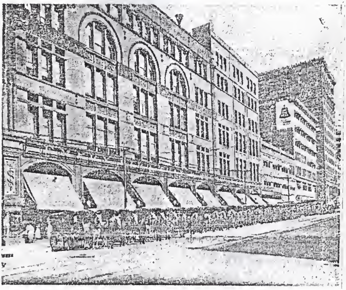

Figure 4.2. Emery Bird Thayer: horse and wagon delivery fleet c.1895-1905

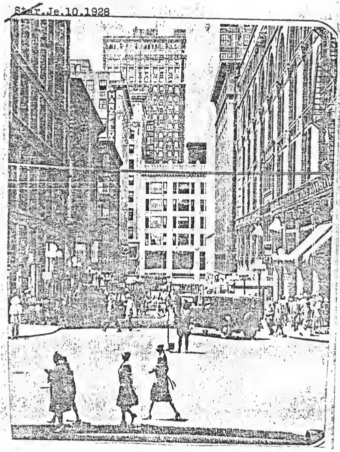

Figure 4.3. "Petticoat Lane" (from the east) 1928

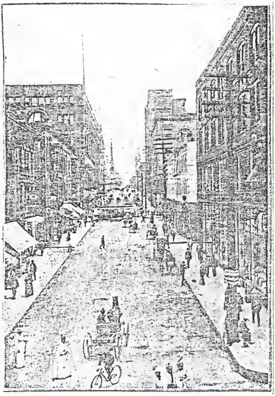

Figure 4.4. Browning-King Store, 11th and Main (right) c.1900

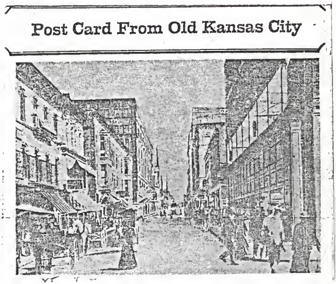

Figure 4.5. "Petticoat Lane" Post Card c.1895-1905

TY STAR, SUNDAY, SEPTEMBER 14, 1952.

MIDDAY IN PETTICOAT LANE.

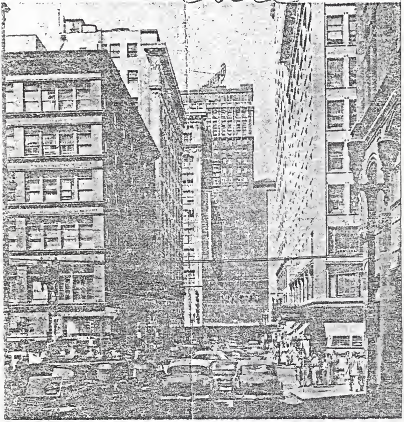

Figure 4.6. "Petticoat Lane" (from the east) 1952

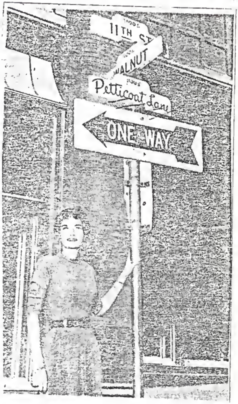

Figure 4.7. Feminine Script Street Sign 1952

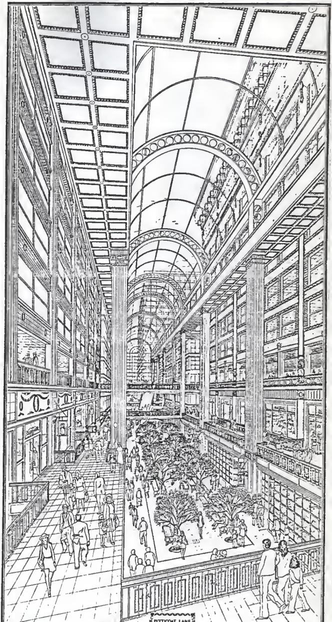

Figure 4.8.
Crosstown
Development's
Proposed
Barrel Vault

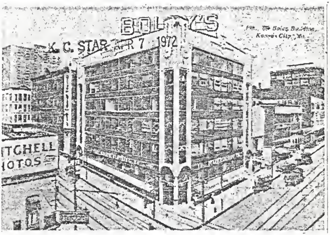

Figure 4.9. Boley Building (from the southeast) 1910

V. SYNTHESIS VALUE

The field of historic preservation is still in its infancy. As a result, the conceptual parameters of preservation are still being defined. James Marston Fitch, an educator in the field, juxtaposes the concepts of "proection" and "retrieval and recycling of the historic environment" in trying to more precisely define parameters of historic preservation.

Fitch's two concepts are definitely related and both accurately define the primary motivating forces behind the preservation movement. However, even though there is correspondence between "protection" and "retrieval and recycling," there is one poignant difference. The concept of protection implies that an element of the historic environment has been judged worthy of preservation and, therefore, should remain intact. Examples within this conceptual context would include Jefferson's Monticello in Virginia and the Statue of Liberty on Ellis Island. Protection of these landmarks should exclude their monetary value, or economic liability, to the community. In the cases of these exceptional landmarks, one would find few adversaries to their protection in spite of the high costs associated with their maintenance relative to their lesser income-producting capacities.

In contast to the concept of protection, retrieval and recycling more closely corresponds to the preservation of more generic historic landmarks, such as our city's stock of historic commercial buildings. Those buildings of character and integrity from a past age that have a lesser non-monetary value than Monticello or Mount Vernon. Survival

of these historic buildings will ultimately depend on their ability to "earn their keep."

Protection of the exceptional landmark can be executed with consideration of only non-monetary value factors. However, the retrieval and recycling of the greater part of our historic built environment will warrant consideration of monetary-value factors in addition to non-monetary value factors.

This project has focused on three historic commercial buildings on Block 93 in the heart of Kansas City's Central Business District. Though highly significant from the standpoint of the preservationist, these commercial buildings may not survive on the basis of their non-monetary value alone. Unless a finely balanced economic equation is put forth, a viable, total scheme involving the retrieval and recycling of the three landmarks will never materialize.

The validity of this argument is best understood when one considers the frustration the Landmarks Commission of Kansas City experienced in their attempt to negotiate with AT&T Corporation, the developer of Block 93. Jane Flynn, Executive Director of the Landmarks Commission, stated: "It is unfortunate that preservationists are continually placed in the posture of defending significant buildings. In the instances of ... the core downtown planning, we were brought into the planning stages after the plans had well passed the initial stages."[19]

It is apparent that the Landmarks Commission was omitted from the initial planning stages of the Block 93 development because the Commission's stance would have favored the "protection" of the three

landmarks. Their stance would have been primarily influenced by the non-monetary values of "Petticoat Lane" and its contributing individual landmarks on Block 93. Without consideration of the monetary value aspects involved in the retrieval and recycling of the historic commercial buildings, the Landmarks Commission was perceived as a potential adversary by the Block 93 developer, AT&T.

A somewhat analogous situation can be observed concerning Historic Kansas City's role in the development process. Historic Kansas City Foundation advocated the adoption of a ranking system similar to that used in San Francisco. On the basis of such a system it is highly probable that all three landmark buildings on Block 93 would have fared very well. Though approached from a different angle, the thrust of the Foundation's views is identical to those of the Landmarks Commission: protection of Block 93's landmarks is paramount to economic considerations. (However, the Foundation was, overall, pleased with AT&T's redevelopment planning. The retrieval and recycling of Harzfeld's and the Boley Building are incorporated in the developer's current planning.)

Although the stance adopted by the two largest preservation groups in Kansas City is not sufficient for an effective dialogue with AT&T, the developer of Block 93, it is representative of the basic values, non-monetary in nature, behind the preservation movement. In reference to the ranking of buildings, which attempts to quantify the intangible historical and architectural qualities of an historic building, the proponents of the San Francisco system eloquently express the motivation underlying the efforts of preservation groups:

"The objective is not 'preservation' in the narrow, traditional sense, but preservation in its most enlightened sense, where it ceases to be the goal of some special-interest group and becomes the proper goal of the entire city. The goal is not preservation; the goal is the city. The means is preservation."[20]

The key wording in this statement is "...the proper goal of the entire city." Preservationists are fully entitled to participate in a dialogue concerning the proper goals of the city. But, they are only one of two special-interest groups that provide input concerning a city's proper development goals. With the city planning commission acting as mediator, the real estate developer also provides significant input concerning proper courses for municipal growth. Frequently, the disparity between the preservationist's goals and those of the developer centers upon what are the most significant value considerations. As stated, the preservationist's perception of non-monetary value cannot always stand unquestioned by the developers concern for return on investment, or monetary value. Seeking an orderly development within the framework of the law, a city's planning commission will have the responsibility of judging all value considerations and thus, determining "the proper goal of the entire city."

From the foregoing description of the real estate development process, an effective dialogue concerning the redevelopment of Block 93 must be based on mutual respect. Having development rights to the block, AT&T wants a redevelopment based on "highest and best use" considerations. Preservationists, working through the planning

commission, must synthesize their traditional value criteria (historical and architectural significance) with an economic equation in order to establish effective dialogue with AT+T. Only then can progress be made toward the protection of landmarks on the one hand and the protection of land values on the other.

The economic feasibility analysis demonstrated that Scheme A produces a greater return on investment than Scheme B. Higher project costs and the subsequent higher debt financing are responsible for the lower Scheme B return on investment in spite of a higher income-producing capacity than Scheme A. Money borrowed and spent on man-hours, energy, materials and equipment used in construction of the Scheme A landmarks can only be duplicated in Scheme B at a much greater cost.[21] Dollar for dollar, the energy-intensive nature of Scheme B is more costly, in terms of both the present and future, than the labor-intensive nature of Scheme A.

Based on comparison of such a feasibility analysis of Block 93, which addresses direct expense and income capacities of both schemes, preservationists will be establishing a dialogue with the developer, AT+T, in terms of real estate value - the developer's bottom line. From the findings of the feasibility comparison, the preservationist should be confident that a dialogue initially based on monetary value findings will lead to eventual consideration of more intangible value factors - the preservationist's bottom line.

On a theoretical level, dialogue between preservationist and developer can progress from monetary value considerations to

non-monetary value considerations through discussion of "hidden" redevelopment costs. Such costs, initially monetary in nature, have future repercussions that transcend economics. For example, the residual value of energy that is wasted if the three landmarks were to be torn down; value analysis that compares the energy value of landmark buildings to that of coal or oil On the other hand, the impact of a large new complex, Scheme B, as a means of re-establishing Kansas City as a regional destination for retail and commercial activity carries with it future societal implications; value analysis that equates new construction with progress.

Such a transitional dialogue would open the door to considerations of a non-monetary value for the two redevelopment alternatives. In this instance, close scrutiny by AT+T of the intangible value factors, "Petticoat Lane" and the landmarks within its vicinity, versus those value factors of Scheme B will effect a development decision based upon all significant value considerations. Coupled with a favorable economic equation, the non-monetary value of Scheme A will not only appear attractive to the preservationist but to the developer, AT+T Communications, as well.

A paragraph from the National Trust text, America's Forgotten Architecture, capsulizes the motivation behind this project and the directions in which the author sees the preservation movement heading:

"Preservation's new breed is less concerned about the differentiation between sub-groups of an architectural style or the buildings by a specific architect. For them, historical or architectural connotations and connections are not as important as evaluating each structure for what it contributes to the community fabric. They ask whether it can be used productively, giving a broad and flexible definition of "productively."
Other questions likely to be asked today are, What is the condition of the structure? What is the current zoning? What rate of return on investment can be expected?"[22]

FOOTNOTES

[1]James Marston Fitch, Historic Preservation, (New York: McGraw-Hill, 1982), p. 51.

[2]John J. Costonis, Space Adrift: Saving Urban Landmarks through the Chicago Plan, (Urbana: University of Illinois Press, 1974), p. 9.

[3]Fitch, Preservation, p. 35.

[4]George Koppe, "By any name, Block 93 is a retail district," Kansas City Star, 11 September 1983, sec. E, p. 12.

[5]Landmarks Commission of Kansas City, MO., "Cultural Resource Assessment," Kansas City, 1982. (Typewritten.)

[6]Howard Needles Tammen and Bergendoff, "Report to the Advisory Council on Historic Preservation, 7 February 1984," Office of Housing and Community Development, Kansas City, MO.

[7]Historic Kansas City Foundation, "Incentives for Development of 1020 Pennsylvania," Kansas City, 1983. (Typewritten.)

[8]Through Douglas R. Wasama of Historic Kansas City Foundation, the author has had the opportunity to discuss the redevelopment of Block 93 with Brian H. Collins of the Redevelopment Authority and Terry S. Wendt of Crosstown Development Corporation.

[9]George Ehrlich, Kansas City, Missouri: An Architectural History, (Kansas City: Historic Kansas City Foundation, 1979), p. 22.

[10]Landmarks Commission of Kansas City, MO., Kansas City A Place in Time, (Kansas City: Landmarks Commission, 1977), p. 18.

[11]Ehrlich, K.C. Architectural History, p. 56.

[12]"Wooden Block Pavements - Last, Removed," Kansas City Star, 2 May 1909. (Clipping.)

[13]"Poetic Origin of Petticoat Lane," Kansas City Times, 3 January 1959, p. 32.

[14]"Urban Renewal - Block 93," Kansas City Star, 3 March 1973. (Clipping.)

[15]Fred T. Comee, "Louis Curtiss of Kansas City," Progressive Architecture, August 1963, p. 133.

[16]Mark D. Shapiro to James I. Threatt, 9 February 1984, Office of Housing and Community Development, Kansas City, MO.

[17]Charles Hall Page and Associates, Splendid Survivors, (San Francisco: California Living Books, 1979).

[18]Ibid., p. 10.

[19]Jane F. Flynn to James I. Threatt, 28 January 1984, Office of Housing and Community Development, Kansas City, MO.

[20]Page, Survivors, p. 3.

[21]Fitch, Preservation, p. 32.

[22]Tony P. Wrenn and Elizabeth D. Mulloy, America's Forgotten Architecture, (New York: Pantheon Books, 1976), p. 24.

[23]Costonis, Space Adrift.

[24]Comee, Curtiss, p. 128.

[25]Ibid., p. 130.

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APPENDIX 1. SCHEME B_1

Scheme B_1, a variation based on Scheme B, illustrates the consequences of redeveloping the Boley, Harzfeld, and Krigel sites to their "highest and best use." The result would be three 30 story skyecrapers, each containing three floors of retail and twenty-seven floors of office space.

Though the R.O.I. of Scheme A is more favorable in a five-year cash flow, that of Scheme B_1 will be far greater in the long run, i.e. 20-30 years. Once the initial project costs of Scheme B_1 have been sufficiently reduced, project income, and consequently R.O.I., will exceed that of Scheme A. The I.T.C. and Facade Easement of Scheme A only provide a greater R.O.I. than Scheme B_1 in the short run, i.e. 5 years. (refer to economic feasibility tables)

Established in 1974, the Transfer of Development Rights (T.D.R.) directly challenges the economic factors that can make an urban landmark a financial liability. Chicago attorney, John J. Costonis, prompted by the demolition of Louis Sullivan's Old Stock Exchange, is largely responsible for the establishment of this measure as an urban planning tool. Viewing the question of "Who should pay?" as the core problem in urban preservation, Costonis attempts to transfer the costs associated with landmark recycling from the private owner, or the city, to the development process, itself.

When implemented, Costonis' Chicago Plan is designed to provide an

urban amenity, i.e. the landmark, in exchange for development rights. It is similar to a zoning bonus in that there is a trade-off: developers agree to provide urban amenities in return for the right to build larger and more profitable buildings. Both types of incentive zoning aim to balance the developer's profit motif and the city's goal of sound urban design.

T.D.R. alleviates the pressures that threaten low-density uses. The unused development potential above a landmark is transferred to other sites within the district. Now able to build larger and more profitable buildings, owners of the transfer sites should agree to pay the cash value of the development rights.[23]

Table 3.14. Scheme B_1 Project Costs

I. Acquisition Costs

$1,777,296*

*same total as Scheme B

II. Demolition Costs

$286,696*

*all other demo. included in direct retail costs

III. Construction Costs

	Boley Replacement	Harzfeld Replacement	Krigel Replacement
Gross Retail sq. ft.	29,813 sq. ft.	15,593 sq. ft.	(AT+T Tele conferencing)
Retail Cost/ sq. ft.	$89.27/sq. ft.	$89.27/sq. ft.	- -
Total Cost	$2,661,407	$1,392,076	- -
Gross Office sq. ft.	268,313 sq. ft.	140,346 sq. ft.	167,400 sq. ft.
Office Cost/ sq. ft.	$80/sq. ft.	$80/sq. ft.	$80/sq. ft.
Total Cost	$21,465,000	$11,227,680	$13,392,000

Total Retail and Office Cost. $50,138,163

IV. Indirect Costs**

Financing Fee	$483,355
Legal Fee	$752,072
Partners Fee	$1,504,145
Architectural/Engineering Fee+	$3,225,928
+office only	
Leasing Fee	$666,276
Construction Loan Interest	$6,096,707
	$12,245,128

V. Total Cost

$1,777,296
+ $286,696
+$50,138,163
+$12,245,128
$64,447,283

**same percentages as Scheme B

Table 3.15. Scheme B_1 Project Income

I. Annual Gross Income from Net Leasable Area

Net Retail Sq. Ft.:		
	Boley Replacement	25,500 sq. ft.
	Harzfeld Replacement	14,864 sq. ft.
	Krigel Replacement	- -
		40,364 sq. ft.
Annual Rent/Sq. Ft.		$20/sq. ft.
Annual Retail Income		$807,280
Net Office Sq. Ft.:		
	Boley Replacement	229,500 sq. ft.
	Harzfeld Replacement	133,773 sq. ft.
	Krigel Replacement	148,500 sq. ft.
		511,773 sq. ft.
Annual Rent/Sq. Ft.		$18/sq. ft.
Annual Office Income		$9,211,914

II. Total Annual Gross Income

Annual Retail Income	$807,280
Annual Office Income	$9,211,914
Total Gross Income	$10,019,194

III. Net Operating Income (N.O.I.) before Debt Service

Total Annual Gross Income (Retail and Office)	$10,019,194
Vacancies (5%)	- $500,960
Annual Gross Effective Income	$9,518,234
Property Taxes/Insurance*	$571,094
Management Fee*	$380,729
Maintenance Fee*	$380,729
Operating Expenses*	$1,502,879
Leasing Fee*	$571,094
Annual N.O.I. before Debt Service	$6,111,709

*same percentages as Scheme B

Table 3.16. Scheme B_1 Financing and Depreciation

I. Financing

Total Project Cost	$64,447,283
Loan to Value Ratio	x .75
Mortgage Loan	$48,335,462
Debt Service Constant*	x .1288
Debt Service/Annum	$6,225,608
N.O.I. before Debt Service	$6,111,709
Debt Service	-$6,225,608
N.O.I. after Debt Service (Cash Flow)	-$113,899
Total Project Cost	$64,447,283
Mortgage Loan	-$48,335,462
Equity Required	$16,111,821

II. Depreciation

New Construction Direct Costs	$50,138,163
Financing Fee	+ $483,355
Architectural/Engineering Fee	+ $3,225,928
Construction Loan Interest	+ $6,096,707
	$59,944,153
Recovery Period (15 years)	÷ 15
Depreciation / Annum	$3,996,277

*amortization of mortgage loan at 12.5% over 30 years

Table 3.17. Scheme B_1 Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
N.O.I. before Debt Service.	$6,111,709	$6,111,709	$6,111,709	$6,111,709	$6,111,709
Interest on Debt Service 12.5 %.	-$6,041,953	-$6,023,898	-$5,999,618	-$5,975,339	-$5,945,456
Depreciation.	-$3,996,277	-$3,996,277	-$3,996,277	-$3,996,277	-$3,996,277
Profit/Loss.	-$3,926,521	-$3,908,466	-$3,884,186	-$3,859,907	-$3,830,024
Tax Rate 50%.	x .50	x .50	x .50	x .50	x .50
Taxes Owed (+/-).	-$1,963,261	-$1,954,233	-$1,942,093	-$1,929,954	-$1,915,012
Cash Flow.**	- $113,899	- $113,899	- $113,899	- $113,899	- $113,899
Tax Savings (+/-).	+$1,963,261	+$1,954,233	+$1,942,093	+$1,929,954	+$1,915,012
Investment Tax Credit.*	- -	- -	- -	- -	- -
Facade Easement.*	- -	- -	- -	- -	- -
Return on Investment.	$1,849,362	$1,840,334	$1,828,194	$1,816,055	$1,801,113
Return on Investment Cumulative %.	12%	23%	34%	45%	56%

*not applicable to new construction

**net operating income after subtraction of debt service

APPENDIX 2. LOUIS S. CURTISS

The architect of the Boley Building, Louis S. Curtiss, was an individualist who combined unusual originality with a strong feeling for traditional styles. A number of the architectural avant-garde, Curtiss was an early proponent of simplicity in design and the straightforward expression of structure. His thinking opposed the prevailing current of neo-classicism.[23]

Born in Ontario, Canada in the summer of 1865, Curtiss probably studied architecture at the University of Toronto in the early 1880's. Although biographical information is scant, it is presumed that the young student entered the Ecole des Beaux Arts in Paris on a scholarship.

Upon completion of his university training, Curtiss' whereabouts is open to conjecture. It is believed that he arrived in Kansas City about 1890. The architect's choice of Kansas City for a practice was obviously influenced by two occurences. Beginning about 1885, a building boom in Kansas City had occurred as a result of developments in the Southwest. The great commercial prosperity in this region during the 1870's and '80's had focused attention on Kansas City as a regional node.

However, of greater immediate impact on Curtiss would have been the widespread architectural attention created by the competition for Kansas City's new Board of Trade Building. All but one of the competing firms were from outside Kansas City; the commission was eventually awarded to Burnham and Root of Chicago.

It was during this period that a number of prominent architects from the East, including Van Brunt and House of Boston, opened new offices in Kansas City. Curtiss, himself, established a partnership with Frederick C. Gunn, an architect of the same age as Curtiss. The team, Gunn and Curtiss, were responsible for the design of the Missouri State Building which was erected at the 1893 World's Columbian Exposition in Chicago. Of significance, Van Brunt and Howe were the only other Missouri architectural firm represented at the fair. Considering that Louis Curtiss was 28 at the time, his rise to national prominence was an exceptional feat.

However, the architect never took full advantage of the opportunities afforded from his early recognition. Louis Curtiss was a unique individual who was often unsympathetic to the aesthetic suggestions of prospective clients; a trait that would lead to fewer and fewer building commissions in later years. The reluctance of Curtiss to conform to traditional notions regarding architectural design can be linked to his eccentric lifestyle during the time of his popular success:

> "... as his practice grew so did his affluence and his individuality. He was one of the first men in the city to own and drive an automobile, and was one of the founders of the local auto club. In his high-seated Winton runabout, he became a familiar sight speeding along the boulevards, often in the company of some comely young lady. Later, in the era of "any color car so long as it is black," he characteristically drove a white Maxwell. When cars became quite common, he owned the first European car in Kansas City."[24]

Curtiss' short-lived period as a prominent Kansas City architect witnessed him engaged in the design of restaurants, hotels, and railroad stations. The latter commissions were primarily in conjunction with the Santa Fe Railroad. His designs dotted the landscape from Illinois to the

railroad's terminus in New Mexico.

The most important early commission awarded to Louis Curtiss was that for the Hotel Baltimore, located one block west of "Petticoat Lane" in Kansas City. Constructed over a ten year period, 1898-1907, the structure contained 425 rooms upon completion.

The Hotel Baltimore was of traditional wall-bearing masonry construction. Exterior brick walls, 4 feet thick at grade, tapered to 18 inches at the cornice level. Interior framing members were of cast and wrought iron. However, Curtiss' innovative building methods were to be seen in this early commission. The hotel's concrete floor slabs and plaster partitions were of "expanded metal construction." The incorporation of the metal lath reinforcement added strength without increasing weight to the structure. At its completion, the Hotel Baltimore was one of the first buildings in Kansas City to be considered fireproof.

Torn down in 1939 to make way for small stores and a parking garage, the Hotel Baltimore had been one of the most magnificent hotels in the West, often compared to Chicago's Palmer House. "For nearly forty years, in the most flamboyant days of Kansas City, the Baltimore Hotel was the center of all that was big and important ..."[25]

Curtiss' popular success as an architect only lasted through the first decade of this century. During this period, however, Louis Curtiss became the progenitor of structural concepts used today. He was a pioneer in his mature understanding of cantilever construction, reinforced concrete, and curtain wall design. In 1906, Curtiss designed a two-story commercial building at 1105 McGee Street in Kansas City that was to become a prototype of the Boley Building. The entire floor and wall systems were suspended from a roof system of steel trusses. The curtain

wall facing the street was comprised of plate glass, sheet copper, and terra cotta while the entire floor structure was of reinforced concrete.

A building of revolutionary design for its day, the Boley of 1908 is Curtiss' masterpiece. Departing completely from established tradition however, the Boley was more of a detriment than an asset to his professional reputation at the time. Even today, the significance of the Boley is not fully recognized. Dispute over the date of the first curtain wall design is unresolved by architectural historians. San Francisco's Hallidie Building of 1915 is more often cited than the Boley for its curtain wall design. Though the Hallidie incorporates a greater amount of glass, its construction techniques are almost identical to those of the Boley Building. Such "twists of fate" have contributed to the relative obscurity of Louis Curtiss today.

The architect's career unfortunately waved after completion of the Boley. In 1913 his greatest patron, Bernard Corrigan, died suddenly. The outbreak of World War 1 brought Curtiss' practice to a virtual standstill. As he became increasingly withdrawn and alone, it never resumed. Louis S. Curtiss was found dead in his office in June of 1924; his death was linked to excessive smoking.

AREAS FOR FUTURE STUDY

This paper attempted to address the impact of two redevelopment alternatives, Scheme A and Scheme B, on Block 93 in Kansas City, Missouri. The two schemes were evaluated on the basis of their respective economic values and their more intangible non-monetary values, i.e. historical and architectural significance.

To produce a more complete picture of the redevelopment alternatives, several other value factors could be incorporated into the schemes. In recent years, energy conservation has been viewed as having significant economic and societal value. How energy efficient are the landmarks of Scheme A? It will be important to determine the operating expenses of Scheme A, in terms of energy use, versus those of new construction.

In terms of societal value, one must project the future benefits of Scheme A versus Scheme B in terms of regenerating Kansas City's downtown economy. A market analysis that considers demography, transportation systems, parking, retail competition, etc. would help determine the prospective success of either scheme.

Mentioned briefly in Chapter V, the political process of the Kansas City Planning Commission mediating the redevelopment of Block 93 would provide opportunity for study of the effect various special-interest groups, including preservationists, have in the development decision-making process.

This paper considered only two value factors from many involved in the redevelopment of large urban downtowns.

Continuity and Change
Consideration of the "Value" of Two Redevelopment Alternatives for Block 93 in Kansas City, Missouri

by

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The preservation of urban landmarks has significant promise as a viable redevelopment alternative to new construction. To illustrate the viability of urban preservation, the current redevelopment of Block 93 in Kansas City, Missouri has been used as the basis for two hypothetical development alternatives: Scheme A and Scheme B.

Scheme A examines the integration of three historic landmarks on Block 93 with a new AT+T retail/office complex. The alternative to this rehabilitation/new construction option is Scheme B. Consisting of an entirely new redevelopment of Block 93, Scheme B provides the best basis for comparison with Scheme A.

Both Scheme A and Scheme B are judged on the basis of their monetary and non-monetary values. Monetary value is established through the employment of an economic feasibility model. This feasibility analysis establishes a project return on investment (R.O.I.) following consideration of project costs, income, financing, and depreciation. Federal tax incentives for rehabilitation, applicable to Scheme A only, are highlighted in the analysis.

Non-monetary value is considered on the basis of Block 93's significance in the historical development of the downtown and the architectural value of Scheme A's landmark buildings versus their demolition and replacement, Scheme B.

The final section of the paper attempts to formulate a synthesis value that will be recognized in the development process. Based upon the monetary value, the primary interest of the developer, and the more "intangible" historical and architectural value, the interest of the preservationist, Scheme A and Scheme B are judged in an impartial manner. The preferred redevelopment scheme should represent the best means for the future growth of downtown Kansas City, Missouri.